

CITY OF CASCADE LOCKS, OREGON

**FINANCIAL STATEMENTS
(With Supplemental Information)**

**FOR THE YEARS ENDED
JUNE 30, 2015**

**MERINA
& COMPANY, LLP**

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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INTRODUCTORY SECTION

CITY OF CASCADE LOCKS

Names and Addresses of Officers and
Members of the City Council
June 30, 2015

MEMBERS OF THE CITY COUNCIL

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

Bruce Fitzpatrick, Councilmember
P.O. Box 674
Cascade Locks, Oregon 97014

Jeff Helfrich, Councilmember
P.O. Box 309
Cascade Locks, Oregon 97014

Glenda Groves, Councilmember
P.O. Box 412
Cascade Locks, Oregon 97014

Bobby Walker, Council President
P.O. Box 491
Cascade Locks, Oregon 97014

Richard Randall, Councilmember
P.O. Box 583
Cascade Locks, Oregon 97014

Deanna Busdieker, Councilmember
P.O. Box 433
Cascade Locks, Oregon 97014

OTHER OFFICERS

Gordon Zimmerman, City Administrator

Registered Office
P.O. Box 308
Cascade Locks, Oregon 97014

Marianne Bump, Finance Officer

LEGAL COUNSEL

Sosnkowski & Cleaveland, LLC
Attorneys at Law
P. O. Box 325
Hood River, Oregon 97031

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Cascade Locks, Oregon
Cascade Locks, Oregon

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 11 to the financial statements, the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

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

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

The budgetary comparison schedules, as listed in the table of contents under required supplementary information, are the responsibility of management and were derived from and

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

Other Information

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

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

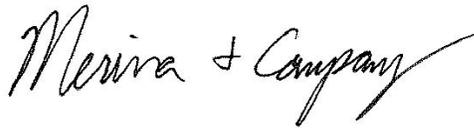
The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

The financial statements of the City of Cascade Locks, Oregon as of June 30, 2014 were audited by other auditors in accordance with auditing standards generally accepted in the United States of America. The other auditors expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for the year ended June 30, 2014, which are not presented with the accompanying financial statements. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The Comparative Balance Sheet- Sewer Fund, and the Comparative Schedule of Revenues and Expenses – Sewer Fund, for the year ended June 30, 2015, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and

relates directly to the underlying accounting and other records used to prepare the 2014 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2014 Comparative Balance Sheet-Sewer Fund, and the Comparative Schedule of Revenues and Expenses – Sewer Fund are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated January 14, 2016, on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

A handwritten signature in cursive script that reads "Merina & Company". The signature is written in black ink and is positioned above the typed name of the firm.

Merina & Company, LLP
West Linn, Oregon
January 14, 2016

**City of Cascade Locks
Management's Discussion and Analysis
Fiscal Year 2014/2015**

As management of the City of Cascade Locks, Oregon, we offer this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2015. 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.

Please note: This is the first year of our audit relationship with Merina & Company. There may be some discrepancies caused by the transition between auditors.

FINANCIAL HIGHLIGHTS:

The City's assets exceeded its liabilities at June 30 2015, by **\$11,675,594** (net position). Of this amount, **\$257,864** is restricted for system/equipment upgrade and replacement, and capital improvement projects, and **\$61,319** is restricted for future years' debt service.

- The total net position decreased by **\$776,718** for FY 14/15, as a result of a combination of an increase in liabilities and a decrease in assets.
- As of the close of FY14/15, the City's governmental funds reported combined ending fund balances of **\$1,871,420**.
- The City's total debt decreased by **\$149,290** (18.7%) during the fiscal year as a result of paying off the OIB Loan and making contractual payments on current debt.

STATEMENT OF NET POSITION:

The focus of the statement of Net Position is to present the unrestricted net position 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 Position at June 30, 2015 is shown here:

Net Position at June 30, 2015:

	Governmental Activities	Business-Type Activities	Total
Cash and Investments	1,614,232	522,953	2,137,185
Other Assets	325,628	444,908	770,536
Deferred Outflows-Pension	32,281	51,773	84,054
Capital Assets	1,116,224	9,416,784	10,533,008
Net Pension Asset	88,545	142,011	230,556
Total Assets	<u>3,176,910</u>	<u>10,578,429</u>	<u>13,755,339</u>
Other Liabilities	266,925	575,529	842,454
Deferred Inflows-Pension	170,857	274,025	444,882
Long-term Debt Outstanding	91,034	701,375	792,409
Total Liabilities	<u>528,816</u>	<u>1,550,929</u>	<u>2,079,745</u>
Net Position:			
Net Invested in Capital Assets	1,049,128	8,725,999	9,775,127
Restricted	257,864	61,319	319,183
Unrestricted	1,341,102	240,182	1,581,284
Total Net Position	<u>2,648,094</u>	<u>9,027,500</u>	<u>11,675,594</u>

Governmental Activities

Infrastructure, land, buildings, equipment and other improvements total **\$1,116,224**. Non-land portion of governmental capital assets are now depreciated and the accumulated depreciation at fiscal yearend is **\$1,686,993**. Governmental activities' assets, exclusive of capital assets, total **\$2,060,686** compared to total assets of **\$3,176,910** inclusive of capital assets. Excluding compensated absences, the City had governmental long-term debt of **\$67,096** as of June 30, 2015.

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, 2015 total **\$9,416,784**. Accumulated depreciation totals **\$5,751,543**. Business-type assets, exclusive of capital assets, total **\$1,161,645** compared to total assets of **\$10,578,429** inclusive of capital assets. The City had **\$689,773** in long-term business-type sewer plant debt, excluding compensated absences as of June 30, 2015. Principal and interest is payable from sewer user fees and sewer system development charges.

Restricted Net Position

A portion of the year-end net position 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, 2015

This section will discuss and analyze significant differences between the current and prior year.

Governmental Activities:

Governmental related revenues, not including transfers between funds, decreased by **\$86,409** from FY 13/14 to FY 14/15, due to a decrease in Operating Grants and Contributions. Governmental Expenses remained flat.

Business-type Activities:

Business-type related revenues, not including transfers between funds, decreased from FY 13/14 by **\$127,903** in FY 14/15 due to a loss of disposable assets. Business-type related expenses decreased from FY 13/14 by **\$ 388,603** in FY 14/15.

A summary version of the Statement of Activities follows:

Comparison of Statement of Activities for FY14/15 and FY13/14

	FY14/15			FY13/14		
	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
Revenues:						
Program revenues:						
Charges for services	176,030	2,407,589	2,583,619	4,232	2,470,029	2,474,261
Culture and recreation	53,503	-	53,503	-	-	-
Operating grants and contributions	42,975	-	42,975	368,988	75,803	444,791
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	211,620	-	211,620	196,225	-	196,225
Payments in lieu of taxes	-	-	-	158,789	-	158,789
Taxes/Misc	171,115	158,704	329,819	-	-	-
Loss of disposal of assets	(13,121)	(147,726)	(160,847)	-	-	-
Grants and contributions not restricted to specific programs	-	-	-	-	-	-
Unrestricted investment earnings	7,527	2,920	10,447	7,824	3,558	11,382
Total revenues	649,649	2,421,487	3,071,136	736,058	2,549,390	3,285,448
Expenses:						
General government	188,998	-	188,998	263,840	-	263,840
Public safety	98,220	-	98,220	87,632	-	87,632
Highways and streets	102,441	-	102,441	94,666	-	94,666
Culture and recreation	96,559	-	96,559	55,623	-	55,623
Interest on long-term debt	15,059	-	15,059	-	-	-
Electric	-	1,523,253	1,523,253	-	1,742,210	1,742,210
Emergency Services	-	321,000	321,000	-	343,258	343,258
Sewer	-	377,907	377,907	-	417,723	417,723
Other	-	261,613	261,613	-	369,185	369,185
Total expenses	501,277	2,483,773	2,985,050	501,761	2,872,376	3,374,137
Increase (decrease) in net position before transfers	148,372	(62,286)	86,086	234,297	(322,986)	(88,689)
Transfers	(267,000)	267,000	-	(177,934)	177,934	-
Increase (decrease) in net position Prior Period adjustment	(118,628) (86,438)	204,714 85,500	86,086 (938)	56,363	(145,052)	(88,689)
Net position - beginning of year	2,853,160	8,737,286	11,590,446	3,067,708	9,473,293	12,541,001
Net position- end of year	2,648,094	9,027,500	11,675,594	3,124,071	9,328,241	12,452,312

General Fund Budgetary Highlights

The beginning fund balances for most funds were improved over the year except for City Light and the Cable TV Funds. The increased 2% of utility payments to support the Fire Department ended this year. The continuing increased costs for medical insurance and retirement funds will continue to bring added pressure to all budgets. Eight years of cutting personnel and material and services budgets has caused strain on the General Fund. The auditor and the forensic accountant hired by the Council in late 2013 both concur that administrative allocations needed to be adjusted across funds which was done in the 2014-2015 budget. Utility rate increases will be necessary to replace aging water infrastructure, and perhaps wastewater infrastructure, and fund economic growth for Cascade Locks.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2015, the City had invested **\$10,533,008** in capital assets, net of depreciation.

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

	Governmental	Business-Type	Total
	Activities	Activities	
Land and other	169,765	133,927	303,692
Buildings and improvements	96,921	1,430,602	1,527,523
System	-	-	-
Machinery and equipment	99,872	606,177	706,049
Infrastructure	749,666	6,964,040	7,713,706
Infrastructure-Intangibles	-	33,505	33,505
Construction in progress	-	248,533	248,533
Total Assets	1,116,224	9,416,784	10,533,008

Increase/Decrease of Capital Assets between FY14/15 and Prior Fiscal Year FY13/14.

(Net of Depreciation)

	Governmental	Business-Type Activities	Total
	Activities		
Land and other	(1,500)	(33,505)	(35,005)
Buildings and improvements	3,591	(32,516)	(28,925)
System	-	(7,194,552)	(7,194,552)
Machinery and equipment	(12,318)	(94,147)	(106,465)
Infrastructure	(47,038)	6,964,040	6,917,002
Infrastructure-Intangibles	-	33,505	33,505
Construction in progress	-	234,601	234,601
Total Assets	(57,265)	(122,574)	(179,839)

The changes in the Business-Type Activities are primarily due to the reclassification of Assets.

Debt Outstanding

As of June 30, 2015, the City had **\$792,409** in debt outstanding, compared to **\$928,894** as of June 30, 2014. As of June 30, 2015, **\$92,869** is due within one year. Of this total loan payments are **\$57,329** and the balance is Compensated Absences in the amount of **\$35,540**.

Outstanding Debt at Year End

Governmental:	<u>2015</u>	<u>2014</u>
Digger Derrick-Electric Dept. Truck	67,096	-
Compensated Absences	<u>23,938</u>	<u>21,157</u>
Total Governmental	91,034	21,157
Business-Type		
1998 Sewer Bond-USDA Rural	689,773	732,681
Fire Station-Oregon Investment Board	-	147,831
Compensated Absences	<u>11,602</u>	<u>27,225</u>
Total Business-Type	701,375	907,737
TOTAL ASSETS	<u>792,409</u>	<u>928,894</u>

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 7.8% between FY13/14 and FY14/15.

The City's Business-type activities are funded through utility charges, user fees, and system development charges. The charter amendment passed in 2008 has previously been interpreted to remove the Council's ability to increase rates. The current council is willing to increase utility rates and has done so for very specific purposes such as repair of water leaks.

The unemployment rate is still high. The City and the Port are actively pursuing new businesses for the Industrial Park. Nestlé Waters North America maintains its interest in locating a water bottling plant here. The official population estimate for July 1, 2015, from Portland State University shows a decrease of 10 people over the previous year to 1,225.

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 City, working with the Port of Cascade Locks and the Columbia Gorge Commission is developing regional solutions to common problems. The Port is seeking to develop a Columbia Gorge-wide approach called

“OneGorge” for economic development using the Scenic Area Act to bolster its requirements to develop solutions for economic issues in the Gorge.

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. 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. The City Council, in setting its budget priorities for 2015-16 has established infrastructure development as crucial for economic development and job creation for the city.

FINANCIAL CONTACT

The City’s financial statements are designed to present users 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, 541-374-8484 or mbump@cascade-locks.or.us.

Respectfully Submitted,

Gordon Zimmerman
City Administrator

BASIC FINANCIAL STATEMENTS

BASIC FINANCIAL STATEMENTS

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

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

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

CITY OF CASCADE LOCKS, OREGON
STATEMENT OF NET POSITION
June 30, 2015

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 1,614,232	\$ 461,373	\$ 2,075,605
Due from other governments	968	-	968
Accounts receivable	67,749	281,945	349,694
Property taxes receivable	11,679	-	11,679
Internal balances	245,232	(245,232)	-
Inventories	-	408,195	408,195
Total current assets	1,939,860	906,281	2,846,141
Noncurrent assets:			
Restricted cash	-	61,580	61,580
Capital assets:			
Nondepreciable	169,765	415,965	585,730
Depreciable, net	946,459	9,000,819	9,947,278
Net pension asset	88,545	142,011	230,556
Total noncurrent assets	1,204,769	9,620,375	10,825,144
Total assets	3,144,629	10,526,656	13,671,285
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow related to pension asset	32,281	51,773	84,054
Total deferred outflows of resources	32,281	51,773	84,054
Total assets and deferred outflows of resources	\$ 3,176,910	\$ 10,578,429	\$ 13,755,339
LIABILITIES:			
Current liabilities:			
Accounts payable and other current liabilities	\$ 46,365	\$ 106,899	\$ 153,264
Deposits	10,502	109,540	120,042
Unearned revenue	500	-	500
Interest Payable	-	17,180	17,180
Current portion of long-term debt	37,919	54,950	92,869
Total current liabilities	95,286	288,569	383,855
Noncurrent liabilities:			
Noncurrent portion of long-term obligations	53,115	646,425	699,540
Pension transitional liability	209,558	341,910	551,468
Total noncurrent liabilities	262,673	988,335	1,251,008
Total liabilities	357,959	1,276,904	1,634,863
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow related to pension asset	170,857	274,025	444,882
Total deferred inflows of resources	170,857	274,025	444,882
NET POSITION:			
Net investment in capital assets	1,049,128	8,725,999	9,775,127
Restricted for:			
Highways and streets	127,973	-	127,973
Cemetery maintenance	15,707	-	15,707
Debt service payments	-	61,319	61,319
System development	74,035	-	74,035
Tourism	40,149	-	40,149
Unrestricted	1,341,102	240,182	1,581,284
Total net position	2,648,094	9,027,500	11,675,594
Total liabilities, deferred inflows of resources and net position	\$ 3,176,910	\$ 10,578,429	\$ 13,755,339

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

CITY OF CASCADE LOCKS, OREGON
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenue			Net Expense Revenue and Change in Net Position	
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business Type Activities	Total
Governmental activities:						
General government	\$ 188,998	\$ 176,030	\$ 42,975	\$ 30,007	\$ -	\$ 30,007
Public safety	98,220	-	-	(98,220)	-	(98,220)
Highways and streets	102,441	-	-	(102,441)	-	(102,441)
Culture and recreation	96,559	53,503	-	(43,056)	-	(43,056)
Interest on long-term debt	15,059	-	-	(15,059)	-	(15,059)
Total governmental activities	<u>501,277</u>	<u>229,533</u>	<u>42,975</u>	<u>(228,769)</u>	<u>-</u>	<u>(228,769)</u>
Business type activities:						
Electrical Fund	1,523,253	1,569,117	-	-	45,864	45,864
Emergency Services Operati	321,000	179,621	-	-	(141,379)	(141,379)
Sewer Operations	377,907	358,461	-	-	(19,446)	(19,446)
Other Enterprise Funds	<u>261,613</u>	<u>300,390</u>	<u>-</u>	<u>-</u>	<u>38,777</u>	<u>38,777</u>
Total business type activities	<u>2,483,773</u>	<u>2,407,589</u>	<u>-</u>	<u>-</u>	<u>(76,184)</u>	<u>(76,184)</u>
Total government	<u>\$ 2,985,050</u>	<u>\$ 2,637,122</u>	<u>\$ 42,975</u>	<u>(228,769)</u>	<u>(76,184)</u>	<u>(304,953)</u>
General revenues:						
Taxes:						
Property taxes				211,620	-	211,620
Franchise taxes				4,951	-	4,951
Public service taxes and revenue sharing				32,362	-	32,362
State gas tax				70,474	-	70,474
Interest and investment earnings				7,527	2,920	10,447
Miscellaneous revenues				63,328	158,704	222,032
Loss on disposal of assets				(13,121)	(147,726)	(160,847)
Transfers in (out)				<u>(267,000)</u>	<u>267,000</u>	<u>-</u>
Total general revenues and transfers				<u>110,141</u>	<u>280,898</u>	<u>391,039</u>
Change in net position				(118,628)	204,714	86,086
Net position - beginning, as restated				2,853,160	8,737,286	11,590,446
Prior period adjustment				<u>(86,438)</u>	<u>85,500</u>	<u>(938)</u>
Net position - ending				<u>\$ 2,648,094</u>	<u>\$ 9,027,500</u>	<u>\$ 11,675,594</u>

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

FUND FINANCIAL STATEMENTS
Major Governmental Funds

General Fund

The General Fund accounts for the financial operations of the City that are not accounted for in any other fund. Principal sources of revenue are property taxes, franchise fees, and state and county shared revenue. Primary expenditures are for culture and recreation, general government and public safety.

State Tax Street Fund

The State Street Tax Fund accounts for the receipts and expenditure of funds associated with the construction and maintenance of streets within the City.

Capital Reserve 08 Fund

The Capital Reserve 08 Fund accounts for monies accumulated for major fixed asset additions. Principal funding is provided by annual budgeted transfer from other funds.

CITY OF CASCADE LOCKS, OREGON
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2015

	General Fund	State Tax Street Fund	Capital Reserve 08 Fund	Other Governmental	Total Governmental
ASSETS:					
Cash and cash equivalents	\$ 174,629	\$ 121,576	\$ 1,143,158	\$ 174,869	\$ 1,614,232
Due from other governments	968	-	-	-	968
Accounts receivable	44,624	6,637	-	16,488	67,749
Property taxes receivable	11,679	-	-	-	11,679
Due from other funds	1,424	-	316,206	-	317,630
	<u>233,324</u>	<u>128,213</u>	<u>1,459,364</u>	<u>191,357</u>	<u>2,012,258</u>
Total assets	<u>\$ 233,324</u>	<u>\$ 128,213</u>	<u>\$ 1,459,364</u>	<u>\$ 191,357</u>	<u>\$ 2,012,258</u>
LIABILITIES:					
Accounts payable and other current liabilities	\$ 17,725	\$ 240	\$ 18,733	\$ 9,667	\$ 46,365
Deposits	10,502	-	-	-	10,502
Due to other funds	7,181	-	-	65,217	72,398
Unearned revenue	-	-	-	500	500
	<u>35,408</u>	<u>240</u>	<u>18,733</u>	<u>75,384</u>	<u>129,765</u>
Total liabilities	<u>35,408</u>	<u>240</u>	<u>18,733</u>	<u>75,384</u>	<u>129,765</u>
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - property tax revenue	11,073	-	-	-	11,073
	<u>11,073</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,073</u>
Total deferred inflows of resources	<u>11,073</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,073</u>
FUND BALANCES:					
Restricted for:					
Highways and streets	-	127,973	-	-	127,973
Cemetery maintenance	-	-	-	15,707	15,707
System development	-	-	-	74,035	74,035
Tourism	-	-	-	40,149	40,149
Committed to:					
Capital projects	-	-	1,440,631	-	1,440,631
Unassigned	186,843	-	-	(13,918)	172,925
	<u>186,843</u>	<u>127,973</u>	<u>1,440,631</u>	<u>115,973</u>	<u>1,871,420</u>
Total fund balances	<u>186,843</u>	<u>127,973</u>	<u>1,440,631</u>	<u>115,973</u>	<u>1,871,420</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 233,324</u>	<u>\$ 128,213</u>	<u>\$ 1,459,364</u>	<u>\$ 191,357</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,116,224
Pension related changes	(259,589)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	11,073
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Long-term debt	<u>(91,034)</u>
Net position of governmental activities	<u>\$ 2,648,094</u>

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

CITY OF CASCADE LOCKS, OREGON
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2015

	General Fund	State Tax Street Fund	Capital Reserve 08 Fund	Other Governmental	Total Governmental
REVENUES:					
Property taxes	\$ 209,978	\$ -	\$ -	\$ -	\$ 209,978
State gas tax	-	70,474	-	-	70,474
Franchise fees	4,951	-	-	-	4,951
Grants	-	-	-	42,975	42,975
Charges for service	40,324	-	-	361	40,685
Intergovernmental	32,362	-	-	-	32,362
Fines and forfeitures	225	-	-	-	225
Special assessments	124,074	-	-	53,142	177,216
Interest	855	-	6,136	536	7,527
Miscellaneous	3,214	568	57,145	2,401	63,328
System development charges	-	-	-	11,407	11,407
Total revenues	415,983	71,042	63,281	110,822	661,128
EXPENDITURES:					
Current:					
General government	131,548	-	-	63,523	195,071
Public safety	103,647	-	-	-	103,647
Highways and streets	-	49,856	-	-	49,856
Culture and recreation	68,153	-	-	28,406	96,559
Capital outlay	623	-	402,555	-	403,178
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	303,971	49,856	402,555	91,929	848,311
Revenues over (under) expenditures	112,012	21,186	(339,274)	18,893	(187,183)
OTHER FINANCING SOURCES (USES):					
Loan proceeds	-	-	72,818	-	72,818
Transfers in	109,190	-	93,747	6,630	209,567
Transfers out	(157,590)	(10,000)	(24,006)	(2,000)	(193,596)
Total other financing sources (uses)	(48,400)	(10,000)	142,559	4,630	88,789
Net change in fund balances	63,612	11,186	(196,715)	23,523	(98,394)
FUND BALANCES, BEGINNING	132,002	119,525	1,712,275	92,450	2,056,252
Prior period adjustment	(8,771)	(2,738)	(74,929)	-	(86,438)
FUND BALANCES, ENDING	\$ 186,843	\$ 127,973	\$ 1,440,631	\$ 115,973	\$ 1,871,420

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

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
For the Fiscal Year Ended June 30, 2015

Amounts reported in the statement of activities are different because:

Net change in fund balances \$ (98,394)

Governmental funds report pension contributions as expenditures. However, in the statements of activities, the cost of pension benefits earned net of employee contributions is reports as pension expense. 105,266

The statement of revenues, expenditures, and changes in fund balances report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

Depreciation	(68,016)	
Capital asset additions	23,872	
Loss of disposal of assets	(13,121)	(57,265)

Some revenue reported in the statement of activities do not provide current financial resources in the governmental funds. 1,642

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in compensated absences (2,781)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This is the amount by which proceeds exceeded repayments. (67,096)

Change in net position of governmental activities \$ (118,628)

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

FUND FINANCIAL STATEMENTS
Proprietary Funds

Enterprise Funds

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

Electrical Fund

The Electrical Fund accounts for the activities of the City's electric distribution operations.

Emergency Services Operations

Emergency Services Fund

The Emergency Services Fund accounts for the activities of the City's fire and ambulance operations.

OIB Fire Hall Debt Fund

The OIB Fire Hall Debt Fund was set up to account for the activities for the re-payment of the loan that was used to build the new Fire Station.

Sewer Operations

Sewer Fund

The Sewer Fund accounts for the activities of the City's sewage collection and treatment operations.

Sewer Bond Fund

The Sewer Bond Fund was set up to account for the funds that were borrowed to build the sewer plant system.

CITY OF CASCADE LOCKS, OREGON
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
June 30, 2015

	Business-Type Activities - Enterprise Funds				
	Electrical Fund	Emergency Services Operations	Sewer Operations	Other Enterprise Funds	Total
ASSETS:					
Cash and cash equivalents	\$ 213,276	\$ 43,959	\$ 97,804	\$ 106,334	\$ 461,373
Accounts receivables, net	153,041	56,008	39,445	33,451	281,945
Due from other funds	7,181	-	-	-	7,181
Inventories	378,867	-	1,478	27,850	408,195
Total current assets	752,365	99,967	138,727	167,635	1,158,694
Restricted cash	-	-	61,580	-	61,580
Nondepreciable	213,398	93,230	1,000	108,337	415,965
Depreciable, net	2,476,420	1,757,325	4,033,616	733,458	9,000,819
Net pension asset	86,130	28,650	10,786	16,445	142,011
Total noncurrent assets	2,775,948	1,879,205	4,106,982	858,240	9,620,375
Total assets	3,528,313	1,979,172	4,245,709	1,025,875	10,779,069
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflow related to pension asset	31,400	10,445	3,933	5,995	51,773
Total deferred outflows of resources	31,400	10,445	3,933	5,995	51,773
Total assets & deferred outflows of resources	\$ 3,559,713	\$ 1,989,617	\$ 4,249,642	\$ 1,031,870	\$ 10,830,842
CURRENT LIABILITIES:					
Accounts payable and accrued expenses	\$ 71,346	\$ 16,999	\$ 4,826	\$ 13,728	\$ 106,899
Deposits	108,525	-	-	1,015	109,540
Due to other funds	-	250,989	-	1,424	252,413
Interest payable	-	-	17,180	-	17,180
Current portion of long-term debt	8,043	1,012	43,807	2,088	54,950
Total current liabilities	187,914	269,000	65,813	18,255	540,982
NONCURRENT LIABILITIES:					
Noncurrent portion of long-term debt	-	-	646,425	-	646,425
Pension transitional liability	204,043	71,691	27,573	38,603	341,910
Total noncurrent liabilities	204,043	71,691	673,998	38,603	988,335
Total liabilities	391,957	340,691	739,811	56,858	1,529,317
DEFERRED INFLOWS OF RESOURCES					
Deferred inflow related to pension asset	166,195	55,284	20,814	31,732	274,025
Total deferred inflows of resources	166,195	55,284	20,814	31,732	274,025
NET POSITION:					
Net investment in capital assets	2,689,818	1,849,543	3,344,843	841,795	8,725,999
Restricted for:					
Debt service (expendable)	-	40	61,279	-	61,319
Unrestricted	311,743	(255,941)	82,895	101,485	240,182
Total net position	3,001,561	1,593,642	3,489,017	943,280	9,027,500
Total liabilities, deferred inflows & net position	\$ 3,559,713	\$ 1,989,617	\$ 4,249,642	\$ 1,031,870	\$ 10,830,842

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

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

	Business-Type Activities - Enterprise Funds				Total
	Electrical Fund	Emergency Services Operations	Sewer Operations	Other Enterprise Funds	
OPERATING REVENUES:					
Charges for service	\$ 1,569,117	\$ 179,621	\$ 358,461	\$ 300,390	\$ 2,407,589
Miscellaneous	16,484	129,789	10,830	1,601	158,704
Total operating revenues	<u>1,585,601</u>	<u>309,410</u>	<u>369,291</u>	<u>301,991</u>	<u>2,566,293</u>
OPERATING EXPENSES:					
Personal services	506,117	126,463	17,373	76,310	726,263
Materials and services	890,760	111,993	174,955	144,401	1,322,109
Depreciation	126,376	80,338	133,597	40,902	381,213
Total operating expenses	<u>1,523,253</u>	<u>318,794</u>	<u>325,925</u>	<u>261,613</u>	<u>2,429,585</u>
Operating income (loss)	<u>62,348</u>	<u>(9,384)</u>	<u>43,366</u>	<u>40,378</u>	<u>136,708</u>
NON-OPERATING REVENUES (EXPENSES):					
Interest income	1,498	252	728	442	2,920
Interest expense	-	(2,206)	(51,982)	-	(54,188)
Gain/loss on disposal of capital assets	-	(15,364)	(21)	(132,341)	(147,726)
Total non-operating revenues (expenses)	<u>1,498</u>	<u>(17,318)</u>	<u>(51,275)</u>	<u>(131,899)</u>	<u>(198,994)</u>
Net income (loss) before operating transfers	<u>63,846</u>	<u>(26,702)</u>	<u>(7,909)</u>	<u>(91,521)</u>	<u>(62,286)</u>
OPERATING TRANSFERS:					
Transfers in (out)	<u>82,723</u>	<u>176,658</u>	<u>(63,923)</u>	<u>71,542</u>	<u>267,000</u>
Change in net position	146,569	149,956	(71,832)	(19,979)	204,714
NET POSITION, BEGINNING AS RESTATED	2,769,492	1,443,686	3,560,849	963,259	8,737,286
PRIOR PERIOD ADJUSTMENT	<u>85,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>85,500</u>
NET POSITION, ENDING	<u>\$ 3,001,561</u>	<u>\$ 1,593,642</u>	<u>\$ 3,489,017</u>	<u>\$ 943,280</u>	<u>\$ 9,027,500</u>

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

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

	Business-Type Activities - Enterprise Funds				
	Electrical Fund	Emergency Services Operations	Sewer Operations	Other Enterprise Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 1,535,689	\$ 278,429	\$ 365,430	\$ 304,445	\$ 2,483,993
Cash paid to employees and others for salaries/benefits	(756,796)	(198,991)	(46,723)	(118,024)	(1,120,534)
Cash paid to suppliers and others	(769,948)	(62,741)	(158,619)	(125,004)	(1,116,312)
Other cash receipts and disbursements	-	-	17,180	-	17,180
Net cash provided (used) by operating activities	<u>8,945</u>	<u>16,697</u>	<u>177,268</u>	<u>61,417</u>	<u>264,327</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:					
Payment from (to) other funds	-	-	-	1,424	1,424
Transfers in (out)	(85,928)	176,658	(67,923)	(38,778)	(15,971)
Net cash provided (used) by non-capital financing activities	<u>(85,928)</u>	<u>176,658</u>	<u>(67,923)</u>	<u>(37,354)</u>	<u>(14,547)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Purchase of capital assets	(123,395)	-	-	-	(123,395)
Debt principal payments	-	(147,831)	(42,908)	-	(190,739)
Interest paid	-	(2,206)	(51,982)	-	(54,188)
Repayment of interfund loans	2,394	(83,296)	-	-	(80,902)
Net cash provided (used) by capital and related financing activities	<u>(121,001)</u>	<u>(233,333)</u>	<u>(94,890)</u>	<u>-</u>	<u>(449,224)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest received	1,498	252	728	442	2,920
Net cash provided (used) by investing activities	<u>1,498</u>	<u>252</u>	<u>728</u>	<u>442</u>	<u>2,920</u>
Net increase (decrease) in cash and cash equivalents	(196,486)	(39,726)	15,183	24,505	(196,524)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>409,762</u>	<u>83,685</u>	<u>144,201</u>	<u>81,829</u>	<u>719,477</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 213,276</u>	<u>\$ 43,959</u>	<u>\$ 159,384</u>	<u>\$ 106,334</u>	<u>\$ 522,953</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating income (loss)	\$ 62,348	\$ (9,384)	\$ 43,366	\$ 40,378	\$ 136,708
Adjustments					
Depreciation	126,376	80,338	133,597	40,902	381,213
Decrease (increase) in:					
Accounts receivable	(43,407)	(30,981)	(3,861)	3,854	(74,395)
Inventories	(27,822)	-	(237)	(8,127)	(36,186)
Prepaid items	2,830	4,244	109	409	7,592
Increase (decrease) in:					
Accounts payable and accrued expenses	8,421	8,398	1,656	6,072	24,547
Deposits	(6,505)	-	-	(1,400)	(7,905)
Accrued interest payable	-	-	17,180	-	17,180
Pension liability	(103,379)	(34,388)	(12,947)	(19,739)	(170,453)
Transitional liability	984	346	133	186	1,649
Accrued compensated absences	(10,901)	(1,876)	(1,728)	(1,118)	(15,623)
Net cash provided (used) by operating activities	<u>\$ 8,945</u>	<u>\$ 16,697</u>	<u>\$ 177,268</u>	<u>\$ 61,417</u>	<u>\$ 264,327</u>
NON-CASH CAPITAL FINANCING ACTIVITIES					
Loss on disposal of capital assets	\$ -	\$ (15,364)	\$ (21)	\$ (132,341)	\$ (147,726)
Contributions of capital assets	168,651	-	4,000	110,320	282,971
Total non-cash capital financing activities	<u>\$ 168,651</u>	<u>\$ (15,364)</u>	<u>\$ 3,979</u>	<u>\$ (22,021)</u>	<u>\$ 135,245</u>

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

CITY OF CASCADE LOCKS, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

1. Summary of Significant Accounting Policies

A. Description of 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.

As required by GAAP, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize it is legally separate from the government. The City has no blended or discretely presented component units.

B. Basic Financial Statements

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

Government-wide statements

The statement of net position and the statement of activities display information about the City as a whole. These statements include all the financial activities of the City. Generally the effect of interfund activity has been eliminated to minimize the double-counting of internal activities. Exceptions to this include interfund services provided and/or used. Interfund services provided and/or used are accounted for as revenues and expenses since the elimination of such revenues and expenses would distort the direct costs and program revenues reported for the various functions.

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

Fund financial statements

These statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental and proprietary. Major individual governmental funds are reported as separate columns in the fund financial statements. Non-major funds are consolidated into a single column in the financial section of the basic financial statements and are detailed in the supplemental information.

CITY OF CASCADE LOCKS, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

C. Basis of Presentation

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

The GASB 34 model sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and proprietary combined) for the determination of major funds. Non-major funds are combined in a column in the fund financial statements and detailed in the combining section.

The City reports the following major governmental funds:

General Fund: 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.

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

Capital Reserve 08 Fund: 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 proprietary funds to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs of providing the services to the general public on a continuing basis be financed primarily through user charges. The City reports the following major proprietary funds:

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

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

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

Additionally, the government 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, grants fund, tourism 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
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June 30, 2015

D. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is

CITY OF CASCADE LOCKS, OREGON
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necessary to explain the adjustments needed to transform the fund based financial statements into the governmental column of the government-wide presentation. This reconciliation is part of the financial statements.

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

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

The proprietary financial statements have incorporated all applicable GASB pronouncements.

E. Cash and Investments

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

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

F. Receivables

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

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

G. Interfund Loans Receivables/Payables

Interfund loans are classified as "Due to and due from other funds".

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H. Inventories

Inventories of materials and supplies in Proprietary 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.

I. Capital Assets

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

Capital assets are defined by the City as assets with an initial, individual cost of \$3,000 or more, and having useful lives extending beyond a single reporting period. Additions or improvements and other capital outlays that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

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

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

<u>Asset</u>	<u>Years</u>
Buildings and Improvements	20 to 50
Infrastructure	30 to 100
System Infrastructure	20 to 50
Vehicles	10 to 20
Office and Office Equipment	5 to 10

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

GASB Statement No. 34 (GASB 34) required the City to prospectively report and depreciate all infrastructure assets of governmental activities (primarily transportation systems) effective July 1, 2003. GASB extended the implementation period for retroactive reporting of these capital assets to the beginning of the fiscal year ending June 30, 2008. The City reports newly acquired infrastructure in accordance with GASB 34.

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J. Intangible Capital Assets

Intangible capital assets, which include easements, water rights, timber rights, patents, trademarks, and computer software, are reported in the applicable governmental or business-type activities column in the governmental-wide financial statements. Intangible capital assets are charged to expenditures as purchased in the governmental fund statements, and capitalized in the proprietary fund statements. Intangible capital assets are recorded at historical cost, or estimated historical cost if actual cost is not available. Donated intangible capital assets are recorded at their estimated fair market value at the time received.

Intangible capital assets are defined by the City as assets with an initial, individual cost of \$3,000 or more, and having useful lives extending beyond a single reporting period. Additions or improvements and other capital outlays that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Amortization on exhaustible intangible assets is recorded as an allocated expense in the Statement of Activities with accumulated amortization reflected in the Statement of Net Position and is provided on the straight-line basis over the estimated useful life of the asset.

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

K. Compensated Absences

Accumulated vested vacation pay is accrued as it is earned. For governmental funds, accumulated vested vacation pay is maintained separately and represents a reconciling item between the fund-level and government-wide presentations. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits. Accumulated vested vacation pay is reported in governmental funds only if they matured.

Funds used to liquidate accrued compensated absences included the general fund, street fund, water fund, sewer fund, electrical fund, and emergency services fund.

L. Deferred Outflows/ Inflows of Resources

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

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category. The governmental funds report unavailable revenues from property taxes and deferred amounts related

CITY OF CASCADE LOCKS, OREGON
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to pensions. Unavailable revenues from property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows related to pensions are deferred and recognized as an inflow of resources in the period when the City's recognizes pension income.

M. Pension

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

N. Net Position

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

The government-wide statement of net position reports \$1,705,746 of restricted net position.

O. Fund Balance

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

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

Restricted – Includes amounts that are restricted by external creditors, grantors or contributors, or restricted by legal constitutional provisions.

Committed – Includes amounts that can be used only for the specific purposes determined by resolution by the City Council, the City's highest level of decision-making authority. Committed amounts may not be used for any other purpose unless the City Council removes the constraint by similar council action. Commitments of fund balance must be made prior to the end of the fiscal year.

CITY OF CASCADE LOCKS, OREGON
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Assigned – Includes amounts the City intends to use for a specific purpose. Intent can be expressed by the City Councilor by an official or body to which the City Council delegates the authority. Assignments of fund balance can be done at any time, including after the fiscal year end date.

Unassigned – This is the residual classification used for those balances not assigned to another category. Any balances that are budgeted as unappropriated will be considered to be unassigned.

P. Use of Restricted Resources

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

Q. Accounting Estimates

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

2. Cash and Cash Equivalents

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

	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>
Investments in the State Treasurer’s Local Government Investment Pool	<u>0.00</u>	<u>\$ 2,005,657</u>

A. Interest rate risk

The City of Cascade Locks does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

B. Credit risk

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

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

C. Concentration of credit risk

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

D. Custodial credit risk – deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. The City does not have a deposit policy for custodial credit risk. The Federal Depository Insurance Corporation (FDIC) provides insurance for the City's deposits up to \$250,000 for the combined total of all deposit accounts at each financial institution. The remaining deposits are covered by the Public Funds Collateralization program (PFCP) of the State of Oregon in accordance with ORS 295. Depositories qualified under this program are required to pledge collateral against any public funds deposits in excess of deposit insurance amounts. This provides additional protection for public funds in the event of a bank failure or loss. ORS 295 sets the specific value of the collateral, as well as the types of collateral that are acceptable. ORS 295 creates a shared liability structure for participating depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. As of June 30, 2015, the book value of the City's deposits was \$130,782 and the bank balance was \$184,195. As of June 30, 2015 none of the City's bank balances were exposed to custodial credit risk.

CITY OF CASCADE LOCKS, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

3. Capital Assets

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

Primary Government	Audited 2014	Additions	Deletions	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 171,265	\$ -	\$ (1,500)	\$ -	\$ 169,765
Total capital assets, not being depreciated	171,265	-	(1,500)	-	169,765
Capital assets, being depreciated:					
Buildings & improvements	247,281	20,057	(33,708)	2,554	236,184
Infrastructure	1,943,847	-	-	-	1,943,847
Machinery & equipment	451,421	2,000	-	-	453,421
Total capital assets, being depreciated	2,642,549	22,057	(33,708)	2,554	2,633,452
Less accumulated depreciation for:					
Buildings & improvements	(153,951)	(6,660)	22,087	(739)	(139,263)
Infrastructure	(1,147,143)	(47,038)	-	-	(1,194,181)
Machinery & equipment	(339,231)	(14,318)	-	-	(353,549)
Total accumulated depreciation	(1,640,325)	(68,016)	22,087	(739)	(1,686,993)
Total capital assets, being depreciated, net	1,002,224	(45,959)	(11,621)	1,815	946,459
Governmental activities capital assets, net	\$ 1,173,489	\$ (45,959)	\$ (13,121)	\$ 1,815	\$ 1,116,224
Governmental Activities					
General government		\$ 15,431			
Streets		52,585			
Total depreciation expense - governmental activities		\$ 68,016			

CITY OF CASCADE LOCKS, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

Business-type Activities	Audited 2014	Additions	Deletions	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 133,927	\$ -	\$ -	\$ -	\$ 133,927
Construction in Progress	13,932	248,533	(13,932)	-	248,533
Intangibles	33,505	-	-	-	33,505
Total capital assets , not being depreciated	<u>181,364</u>	<u>248,533</u>	<u>(13,932)</u>	<u>-</u>	<u>415,965</u>
Capital assets, being depreciated:					
Buildings & improvements	1,625,786	-	-	-	1,625,786
Infrastructure	12,138,742	46,015	(658,293)	-	11,526,464
Machinery & equipment	1,673,851	111,818	(183,003)	(2,554)	1,600,112
Total capital assets, being depreciated	<u>15,438,379</u>	<u>157,833</u>	<u>(841,296)</u>	<u>(2,554)</u>	<u>14,752,362</u>
Less accumulated depreciation for:					
Buildings & improvements	(162,668)	(32,516)	-	-	(195,184)
Infrastructure	(4,944,191)	(256,210)	637,977	-	(4,562,424)
Machinery & equipment	(973,527)	(92,487)	71,340	739	(993,935)
Total accumulated depreciation	<u>(6,080,386)</u>	<u>(381,213)</u>	<u>709,317</u>	<u>739</u>	<u>(5,751,543)</u>
Total capital assets, being depreciated, net	<u>9,357,993</u>	<u>(223,380)</u>	<u>(131,979)</u>	<u>(1,815)</u>	<u>9,000,819</u>
Business-type activities capital assets, net	<u>\$ 9,539,357</u>	<u>\$ 25,153</u>	<u>\$ (145,911)</u>	<u>\$ (1,815)</u>	<u>\$ 9,416,784</u>
Business-type activities:					
Water		\$ 31,534			
Sewer		133,597			
Emergency services		80,338			
Telecommunications		9,368			
Electrical		126,376			
Total depreciation expense - business-type activities		<u>\$ 381,213</u>			

CITY OF CASCADE LOCKS, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

4. Interfund Transfers

Interfund transfers 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:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
Major		
General Fund	\$ 109,190	\$ (157,590)
State Tax Street Fund	-	(10,000)
Capital Reserve 08 Fund	93,747	(306,977)
Non-Major	6,630	(2,000)
Total Governmental Funds	<u>209,567</u>	<u>(476,567)</u>
Proprietary Funds:		
Major		
Electrical Fund	168,651	(85,928)
Emergency Services Operator	206,654	(29,996)
Sewer Operations	81,711	(145,634)
Non-Major	113,920	(42,378)
Total Proprietary Funds	<u>570,936</u>	<u>(303,936)</u>
Total all funds	<u>\$ 780,503</u>	<u>\$ (780,503)</u>

5. Interfund Receivables & Payables

Interfund loans are primarily used to fund capital projects purchases and construction projects.

Interfund balances at June 30, 2015 are as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Capital Reserve Fund	Grants Fund	\$ 65,217
Capital Reserve Fund	Emergency Services Fund	250,989
Electric Fund	General Fund	7,181
General Fund	CATV Fund	1,424
Total		<u>\$ 324,811</u>

CITY OF CASCADE LOCKS, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

6. Long Term Debt

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

	<u>06/30/14</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>06/30/15</u> <u>Balance</u>	<u>Due in</u> <u>1 Year</u>
Governmental Activities					
Governmental Loans/Notes					
Digger Derrick	\$ -	\$ 72,818	\$ 5,722	\$ 67,096	\$ 13,981
Total Governmental Loans	-	72,818	5,722	67,096	13,981
Compensated Absences	21,157	2,781	-	23,938	23,938
Total Governmental	<u>\$ 21,157</u>	<u>\$ 75,599</u>	<u>\$ 5,722</u>	<u>\$ 91,034</u>	<u>\$ 37,919</u>
Business-Type Activities					
Enterprise Bonds					
1998 Sewer Bond	\$ 732,681	\$ -	\$ 42,908	\$ 689,773	\$ 43,348
Total Enterprise Bonds	732,681	-	42,908	689,773	43,348
Enterprise Loans/Notes					
OIB Loan	147,831	-	147,831	-	-
Total Enterprise Loans	147,831	-	147,831	-	-
Compensated Absences	27,225	-	15,623	11,602	11,602
Total Enterprise	<u>\$ 907,737</u>	<u>\$ -</u>	<u>\$ 206,362</u>	<u>\$ 701,375</u>	<u>\$ 54,950</u>

A. Notes Payable

Governmental Activities

Cascade Locks Loan: In March 2015 the City purchased equipment valued at \$92,318, of which \$72,818 was financed. The City will repay this amount in monthly payments over 5 years with 2.54% interest. After payments made in 2015, the remaining balance is as follows:

\$ 67,096

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Digger Derrick

June 30:	Principal	Interest
2016	\$ 13,981	\$ 1,542
2017	14,340	1,183
2018	14,709	814
2019	15,087	436
2020	8,979	76
Total	<u>\$ 67,096</u>	<u>\$ 4,051</u>

B. Bonds Payable

1. Sewer bonds outstanding at June 30, 2015 are as follows:

Business-type Activities

Bonds payable consists of a Rural Utilities Service Sewer Revenue serial bond issued in 1998. The City will repay this amount annually until December 2038, with an interest rate of 4.75%.

\$ 689,773

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

1998 Sewer Bond

June 30:	Principal	Interest
2016	\$ 43,348	\$ 34,359
2017	44,267	33,440
2018	45,230	32,477
2019	46,238	31,469
2020	47,295	30,412
2021-2025	254,159	134,376
2026-2030	209,236	82,680
Total	<u>\$ 689,773</u>	<u>\$ 379,213</u>

7. Pension Plan

A. Plan Description

Employees of the City are provided with pensions through the Oregon Public Employees Retirement System (OPERS) a cost-sharing multiple-employer defined benefit pension plan, the Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established

CITY OF CASCADE LOCKS, OREGON
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by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx.

B. Benefits provided

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

Pension Benefits

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

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

Death Benefits

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

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

Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for

either a non-duty or duty disability, service time is computed to age 58 (55 for fire members) when determining the monthly benefit.

Benefit Changes

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

2. OPSRP Pension Program (OPSRP DB)

Pension Benefits

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

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

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

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

Death Benefits

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

Disability Benefits

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

Benefit Changes After Retirement

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

3. OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits

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

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

Death Benefits

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

Recordkeeping

OPERS contracts with VOYA Financial to maintain IAP participant records.

C. Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2011 actuarial valuation as subsequently modified by 2013 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2013. Employer contributions for the year ended June 30, 2015 were \$69,138, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2015 were 18.08 percent for Tier One/Tier Two General Service Member, 18.08 percent for Tier One/Tier Two Fire, 17.73 percent for OPSRP Pension Program General Service Members, 20.46 percent for OPSRP Pension Program Fire Members, and 6 percent for OPSRP Individual Account Program.

CITY OF CASCADE LOCKS, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

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

At June 30, 2015, the City reported an asset of \$230,556 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2012 rolled forward to June 30, 2014. The City's proportion of the net pension asset was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2014, the City's proportion was 0.01017 percent, which was unchanged from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the City's recognized pension expense (income) of (\$208,403). At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	444,881
Changes in proportion and differences between City contributions and proportionate share of contributions	14,915	-
City contributions subsequent to the measurement date	<u>69,138</u>	<u>-</u>
Total	<u>\$ 84,053</u>	<u>\$ 444,881</u>

CITY OF CASCADE LOCKS, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

\$69,138 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>		
2016	\$	(107,978)
2017		(107,978)
2018		(107,978)
2019		(107,978)
2020		1,947
Thereafter		-

CITY OF CASCADE LOCKS, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

E. Actuarial assumptions

The employer contribution rates effective July 1, 2013, through June 30, 2015, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years. The total pension liability in the December 31, 2012 actuarial valuation was determined using the following actuarial assumptions:

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

CITY OF CASCADE LOCKS, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

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

F. Long-term expected rate of return

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

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

CITY OF CASCADE LOCKS, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

G. Discount rate

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

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

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

	<u>1% Decrease (6.75%)</u>	<u>Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
City's proportionate share of the net pension liability (asset)	\$ 488,236	\$ (230,556)	\$ (838,487)

I. Pension plan fiduciary net position

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

J. Payables to the pension plan

The City reports payables in the amount of \$12,051 payable to the pension plan.

K. Changes in Plan Provisions Subsequent to Measurement Date

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

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

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

CITY OF CASCADE LOCKS, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

L. 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 post-employment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provision of RHIA resides with the Oregon Legislature. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700.

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever, is less shall be paid by the eligible retired member in the manner provided in ORS 238.410.

Participating employers are contractually required to contribute to RHIA at a rate assessed each year by OPERS, currently 0.49% for Tier1/Tier 2 and 0.49% for OPSRP of annual covered payroll. The OPERS Board of Trustees sets the employer contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represent a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortized any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years.

The City's contributions to RHIA for the years ended June 30, 2015, 2014, and 2013 were \$4,380, \$3,656, and \$3,577 respectively which equal the required contributions for that year.

8. Property Tax Calendar

Real and personal property taxes are levied in July of each fiscal year. Property taxes attach as an enforceable lien on property as of July 1, and are payable in three installments on November 15, February 15, and May 15. All property taxes are billed and collected by Washington County and remitted to the City. Uncollected taxes, including delinquent amounts, are considered substantially collectible or recoverable through liens, and accordingly no allowance for uncollected taxes has been established.

9. Risk Management

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

10. New Accounting Pronouncement – GASB Statement No. 68 and 71

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 and Statement

CITY OF CASCADE LOCKS, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68. GASB Statement No. 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. GASB Statement No. 71 addresses an issue regarding application of the transition provisions of GASB Statement No. 68. The City implemented GASB Statement No. 68 and 71 in the year ending June 30, 2015. Additional information can be found in Note 8 - Pension Plan and Note 12 - Change in Accounting Principle

11. Change in Accounting Principle

Based on implementation of GASB Statement No. 68 and 71, the City restated the beginning net position for the Governmental Activities and Business-Type Activities. The cumulative change in net position for Governmental Activities was \$(364,855) and for Business-Type was \$(500,955) Activities.

12. Prior Period Adjustment

The City had various prior period adjustments in the fiscal year ended June 30, 2015. The following prior period adjustments affected the budget to actual statements and were to bring the beginning fund balance to the correct value in accordance with the budgetary basis of accounting:

<u>Fund</u>	<u>Amount</u>
Emergency Services	\$ 16,105
Electric	18,251
Grants	65,217
Capital Reserve 08	(31,512)
Street	(1,659)
General	<u>19,456</u>
Total prior period adjustment	<u>\$ 85,858</u>

The following prior period adjustments affected the beginning fund balance at the GAAP basis, and were to correct beginning fund balance:

<u>Fund</u>	<u>Amount</u>
Capital Reserve 08	\$ (74,929)
Street	(2,738)
General	(8,771)
Electric	<u>85,500</u>
Total prior period adjustment	<u>\$ (938)</u>

The final prior period adjustment was to correct a misstatement of inventory in the electrical fund that occurred in 2013 when inventory tracking was brought into the City's financial software. This resulted in an \$85,550 adjustment to net position in the current year.

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REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

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

- Budgetary Comparison Schedules
 - General Fund
 - State Tax Street Fund
- Schedule of the Proportionate Share of the Net Pension Liability
- Schedule of Contributions

CITY OF CASCADE LOCKS, OREGON
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Fiscal Year Ended June 30, 2015

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Property taxes	\$ 190,000	\$ 190,000	\$ 209,978	\$ 19,978
Franchise fees	4,500	4,500	4,951	451
Charges for services	55,085	55,085	40,324	(14,761)
Intergovernmental	25,500	25,500	32,362	6,862
Fines and forfeitures	150	150	225	75
Special assessments	105,000	105,000	124,074	19,074
Interest	250	250	855	605
Miscellaneous	1,000	1,500	3,214	1,714
Rents	300	300	-	(300)
Total revenues	<u>381,785</u>	<u>382,285</u>	<u>415,983</u>	<u>33,698</u>
EXPENDITURES:				
General government	183,088	183,088	131,548	51,540
Public safety	104,730	104,730	103,647	1,083
Culture and recreation	101,620	102,120	68,153	33,967
Capital outlay	800	800	623	177
Contingency	10,908	10,908	-	10,908
Total expenditures	<u>401,146</u>	<u>401,646</u>	<u>303,971</u>	<u>97,675</u>
Revenues over (under) expenditures	<u>(19,361)</u>	<u>(19,361)</u>	<u>112,012</u>	<u>131,373</u>
OTHER FINANCING SOURCES (USES):				
Interfund loan proceeds (payments)	(2,394)	(2,394)	(2,394)	-
Transfers in	110,345	110,345	109,190	(1,155)
Transfers out	(157,590)	(157,590)	(157,590)	-
Total other financing sources (uses)	<u>(49,639)</u>	<u>(49,639)</u>	<u>(50,794)</u>	<u>(1,155)</u>
Net changes in fund balance	(69,000)	(69,000)	61,218	130,218
FUND BALANCE, BEGINNING BUDGETARY BASIS				
	69,000	69,000	111,926	42,926
PRIOR PERIOD ADJUSTMENT				
	-	-	19,456	19,456
FUND BALANCE, ENDING BUDGETARY BASIS				
	<u>\$ -</u>	<u>\$ -</u>	192,600	<u>\$ 192,600</u>
INTERFUND LOAN PAYABLE			(7,181)	
INTERFUND LOAN RECEIVABLE			1,424	
FUND BALANCE, ENDING GAAP			<u>\$ 186,843</u>	

CITY OF CASCADE LOCKS, OREGON
STATE TAX STREET FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Fiscal Year Ended June 30, 2015

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
State gas tax	\$ 68,000	\$ 68,000	\$ 70,474	\$ 2,474
Interest	400	400	568	168
Total revenues	68,400	68,400	71,042	2,642
EXPENDITURES:				
Personnel services	55,656	55,656	38,258	17,398
Materials and service	24,821	24,821	11,598	13,223
Capital outlay	10,000	10,000	-	10,000
Contingency	73,238	73,238	-	73,238
Total expenditures	163,715	163,715	49,856	113,859
Revenues over (under) expenditures	(95,315)	(95,315)	21,186	116,501
OTHER FINANCING SOURCES (USES):				
Transfers out	(10,000)	(10,000)	(10,000)	-
Total other financing sources (uses)	(10,000)	(10,000)	(10,000)	-
Net changes in fund balance	(105,315)	(105,315)	11,186	116,501
FUND BALANCE, ENDING BUDGETARY BASIS	105,315	105,315	118,446	13,131
PRIOR PERIOD ADJUSTMENT	-	-	(1,659)	(1,659)
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 127,973</u>	<u>\$ 127,973</u>

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

Year Ended June 30,	(a) City's proportion of the net pension liability (asset)	(b) City's proportionate share of the net pension liability (asset)	(c) City's covered payroll	(b/c) City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2015	0.01017141%	\$ (230,556)	\$ 550,106	-41.91%	103.60%
2014	0.01017141%	519,062	645,057	80.47%	91.97%

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

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

CITY OF CASCADE LOCKS, OREGON
SCHEDULE OF CONTRIBUTIONS
For the Last Two Fiscal Years

Year Ended June 30,	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency (excess)	(c) City's covered payroll	(b/c) Contributions as a percent of covered payroll
2015	\$ 69,138	\$ 69,138	-	\$ 550,106	12.57%
2014	112,061	112,061	-	645,057	17.37%

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

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

CITY OF CASCADE LOCKS, OREGON
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2015

Stewardship, Compliance, and Accountability

A. Budgetary Information

On or before June 30 of each year, the City enacts a resolution approving the budget, appropriating the expenditures, and levying the property taxes. The City's budget is presented on the modified accrual basis of accounting which is the same basis as GAAP.

Prior to enacting this resolution, the proposed budget is presented to a budget committee consisting of members of the City Council and a like number of interested citizens. The budget committee presents the budget to the City Council for budget hearings prior to enactment of the resolution. The City budgets all funds as required by Oregon Local Budget Law.

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

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

<u>Fund</u>	<u>Amount</u>
CATV	\$(5,208)

B. Changes in Plan Provisions

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

http://www.oregon.gov/pers/EMP/docs/er_general_information/opers_gasb_68_disclosure_information_revised.pdf

CITY OF CASCADE LOCKS, OREGON
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2015

C. Changes of assumptions

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

http://www.oregon.gov/pers/EMP/docs/er_general_information/opers_gasb_68_disclosure_information_revised.pdf

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

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

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OTHER SUPPLEMENTARY INFORMATION

OTHER SUPPLEMENTARY INFORMATION

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

Such statements and schedules include:

- Combining Statements – Nonmajor Governmental Funds
- Budgetary Comparison Schedule:

COMBINING STATEMENTS

Nonmajor Governmental Funds

Special Revenue Funds

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

System Development Fund

The System Development Fund accounts for the revenue reserved for new infrastructure and is collected when a building permit is issued.

Grants Fund

The Grants fund accounts for all grants and activities received from grants.

Tourism Fund

The Tourism Fund accounts for 30% of Transient Room Tax submitted by local overnight establishments and is collected on a quarterly basis.

Cemetery Trust Fund

The Cemetery Trust Fund accounts for 30% of the revenue fees associated with the Cemetery.

CITY OF CASCADE LOCKS, OREGON
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2015

	System Development Fund	Grants Fund	Tourism Fund	Cemetery Trust Fund	Total
ASSETS					
Cash and cash equivalents	\$ 74,035	\$ 51,541	\$ 33,586	\$ 15,707	\$ 174,869
Accounts receivable	-	258	16,230	-	16,488
Total assets	\$ 74,035	\$ 51,799	\$ 49,816	\$ 15,707	\$ 191,357
LIABILITIES:					
Accounts payable and other current liabilities	\$ -	\$ -	\$ 9,667	\$ -	\$ 9,667
Due to other funds	-	65,217	-	-	65,217
Unearned revenue	-	500	-	-	500
Total liabilities	-	65,717	9,667	-	75,384
FUND BALANCES:					
Restricted for:					
Cemetery maintenance	-	-	-	15,707	15,707
System development	74,035	-	-	-	74,035
Tourism	-	-	40,149	-	40,149
Unassigned	-	(13,918)	-	-	(13,918)
Total fund balances	74,035	(13,918)	40,149	15,707	115,973
Total liabilities and fund balances	\$ 74,035	\$ 51,799	\$ 49,816	\$ 15,707	\$ 191,357

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

	System Development Fund	Grants Fund	Tourism Fund	Cemetery Trust Fund	Total
REVENUES:					
Grants	\$ -	\$ 42,975	\$ -	\$ -	\$ 42,975
Charges for service	-	-	-	361	361
Special assessments	-	-	53,142	-	53,142
Interest	331	-	129	76	536
Miscellaneous	-	-	2,401	-	2,401
System development charges	11,407	-	-	-	11,407
Total revenues	11,738	42,975	55,672	437	110,822
EXPENDITURES:					
General government	-	63,523	-	-	63,523
Culture and recreation	-	-	28,406	-	28,406
Total expenditures	-	63,523	28,406	-	91,929
Revenues over (under) expenditures	11,738	(20,548)	27,266	437	18,893
OTHER FINANCING SOURCES (USES):					
Transfers in	-	6,630	-	-	6,630
Transfers out	-	-	(2,000)	-	(2,000)
Total other financing sources (uses)	-	6,630	(2,000)	-	4,630
Net change in fund balances	11,738	(13,918)	25,266	437	23,523
FUND BALANCE, BEGINNING GAAP	62,297	-	14,883	15,270	92,450
FUND BALANCE, ENDING GAAP	\$ 74,035	\$ (13,918)	\$ 40,149	\$ 15,707	\$ 115,973

BUDGETARY COMPARISON SCHEDULES

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

Governmental Budgetary Comparison Schedules included the following:

- General Fund Schedule of Expenditures
- Capital Reserve 08 Fund
- Nonmajor Special Revenue Funds
 - System Development Fund
 - Grants Fund
 - Tourism Fund
 - Cemetery Trust Fund

CITY OF CASCADE LOCKS, OREGON
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

	Budget		Actual	Variance with Final Budget
	Original	Final		
Administrative:				
Personnel services	\$ 129,518	\$ 129,518	\$ 124,716	\$ 4,802
Materials and services	26,670	26,670	1,774	24,896
Subtotal	156,188	156,188	126,490	29,698
Planning:				
Materials and services	26,900	26,900	5,058	21,842
Subtotal	26,900	26,900	5,058	21,842
Agency:				
Materials and services	6,120	6,120	5,037	1,083
Subtotal	6,120	6,120	5,037	1,083
Property:				
Personnel services	81,110	81,110	48,612	32,498
Materials and services	8,910	9,410	9,098	312
Capital outlay	800	800	623	177
Subtotal	90,820	91,320	58,333	32,987
Police:				
Materials and services	98,610	98,610	98,610	-
Subtotal	98,610	98,610	98,610	-
Museum:				
Materials and services	1,700	1,800	1,711	89
Subtotal	1,700	1,800	1,711	89
Community relations:				
Materials and services	9,900	9,800	8,732	1,068
Subtotal	9,900	9,800	8,732	1,068
Total expenditures	\$ 390,238	\$ 390,738	\$ 303,971	\$ 86,767

CITY OF CASCADE LOCKS, OREGON
CAPITAL RESERVE 08 FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Fiscal Year Ended June 30, 2015

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Interest	\$ 3,000	\$ 3,000	\$ 6,136	\$ 3,136
Miscellaneous	150,000	150,000	57,145	(92,855)
Total revenues	153,000	153,000	63,281	(89,719)
EXPENDITURES:				
Capital outlay	1,497,608	1,504,546	402,555	1,101,991
Total expenditures	1,497,608	1,504,546	402,555	1,101,991
Revenues over (under) expenditures	(1,344,608)	(1,351,546)	(339,274)	1,012,272
OTHER FINANCING SOURCES (USES):				
Interfund loan proceeds (payments)	-	-	83,296	83,296
Loan proceeds	-	-	72,818	72,818
Transfers in	137,939	144,877	93,747	(51,130)
Transfers out	-	-	(24,006)	(24,006) *
Total other financing sources (uses)	137,939	144,877	225,855	80,978
Net changes in fund balance	(1,206,669)	(1,206,669)	(113,419)	1,093,250
FUND BALANCE, BEGINNING BUDGETARY BASIS				
	1,206,669	1,206,669	1,269,356	62,687
PRIOR PERIOD ADJUSTMENT				
	-	-	(31,512)	(31,512)
FUND BALANCE, ENDING BUDGETARY BASIS				
	\$ -	\$ -	1,124,425	\$ 1,124,425
INTERFUND LOAN RECEIVABLE				
			316,206	
FUND BALANCE, ENDING GAAP				
			\$ 1,440,631	

* Exception to local budget law

CITY OF CASCADE LOCKS, OREGON
SYSTEM DEVELOPMENT FUND
COMBINING SCHEDULE OF NET POSITION
AND CHANGES IN Net Position
For the Fiscal Year Ended June 30, 2015

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Interest	\$ 200	\$ 200	\$ 331	\$ 131
System development charges	-	-	11,407	11,407
Total revenues	200	200	11,738	11,538
EXPENDITURES:				
Capital outlay	59,200	59,200	-	59,200
Total expenditures	59,200	59,200	-	59,200
Net changes in fund balances	(59,000)	(59,000)	11,738	70,738
FUND BALANCE, BEGINNING BUDGETARY BASIS	59,000	59,000	62,297	3,297
FUND BALANCE, ENDING BUDGETARY BASIS	\$ -	\$ -	\$ 74,035	\$ 74,035

CITY OF CASCADE LOCKS, OREGON
GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Grants	\$ 222,570	\$ 228,070	\$ 42,975	\$ (185,095)
Total revenues	<u>222,570</u>	<u>228,070</u>	<u>42,975</u>	<u>(185,095)</u>
EXPENDITURES:				
Personnel services	-	1,300	1,189	111
Materials and service	<u>229,200</u>	<u>233,400</u>	<u>62,334</u>	<u>171,066</u>
Total expenditures	<u>229,200</u>	<u>234,700</u>	<u>63,523</u>	<u>171,177</u>
Revenues over (under) expenditure:	<u>(6,630)</u>	<u>(6,630)</u>	<u>(20,548)</u>	<u>(13,918)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	<u>6,630</u>	<u>6,630</u>	<u>6,630</u>	<u>-</u>
Total other financing sources (uses)	<u>6,630</u>	<u>6,630</u>	<u>6,630</u>	<u>-</u>
Net changes in fund balance	-	-	(13,918)	(13,918)
FUND BALANCE, BEGINNING BUDGETARY BASIS	-	-	-	-
PRIOR PERIOD ADJUSTMENT	-	-	65,217	65,217
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	51,299	<u>\$ 51,299</u>
INTERFUND LOAN PAYABLE			<u>(65,217)</u>	
FUND BALANCE, ENDING GAAP			<u>\$ (13,918)</u>	

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

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Special assessments	\$ 45,000	\$ 45,000	\$ 53,142	\$ 8,142
Interest	100	100	129	29
Miscellaneous	200	200	2,401	2,201
Total revenues	<u>45,300</u>	<u>45,300</u>	<u>55,672</u>	<u>10,372</u>
EXPENDITURES:				
Materials and service	51,430	51,430	28,406	23,024
Contingency	1,870	1,870	-	1,870
Total expenditures	<u>53,300</u>	<u>53,300</u>	<u>28,406</u>	<u>24,894</u>
Revenues over (under) expenditures	<u>(8,000)</u>	<u>(8,000)</u>	<u>27,266</u>	<u>35,266</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(2,000)</u>	<u>(2,000)</u>	<u>(2,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(2,000)</u>	<u>(2,000)</u>	<u>(2,000)</u>	<u>-</u>
Net changes in fund balance	(10,000)	(10,000)	25,266	35,266
FUND BALANCE, BEGINNING BUDGETARY BASIS	<u>10,000</u>	<u>10,000</u>	<u>14,883</u>	<u>4,883</u>
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,149</u>	<u>\$ 40,149</u>

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

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for service	\$ 200	\$ 200	\$ 361	\$ 161
Interest	50	50	76	26
Total revenues	250	250	437	187
EXPENDITURES:				
Contingency	14,650	14,650	-	14,650
Total expenditures	14,650	14,650	-	14,650
Net changes in fund balance	(14,400)	(14,400)	437	14,837
FUND BALANCE, BEGINNING BUDGETARY BASIS	14,400	14,400	15,270	870
FUND BALANCE, ENDING BUDGETARY BASIS	\$ -	\$ -	\$ 15,707	\$ 15,707

BUDGETARY COMPARISON STATEMENTS AND SCHEDULES

Enterprise Funds

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

Enterprise Budgetary Comparison statements and schedules include the following:

- Electrical Fund
- Emergency Services Operations
 - Emergency Services Fund
 - OIB Fire Hall Debt Fund
- Sewer Operations
 - Sewer Fund
 - Sewer Bond Fund
- Nonmajor Proprietary Funds
 - CATV Fund
 - Water Fund
 - Cemetery Fund

CITY OF CASCADE LOCKS, OREGON
ELECTRICAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for services	\$ 1,632,644	\$ 1,632,644	\$ 1,569,117	\$ (63,527)
Interest	3,000	3,000	1,498	(1,502)
Miscellaneous	21,500	21,500	16,484	(5,016)
Total revenues	1,657,144	1,657,144	1,587,099	(70,045)
EXPENDITURES:				
Personnel services	731,700	731,700	643,500	88,200
Materials and service	1,049,897	1,049,897	1,012,198	37,699
Capital outlay	54,500	54,500	5,689	48,811
Contingency	95,363	95,363	-	95,363
Total expenditures	1,931,460	1,931,460	1,661,387	270,073
Revenues over (under) expenditures	(274,316)	(274,316)	(74,288)	200,028
OTHER FINANCING SOURCES (USES):				
Interfund loan proceeds (payments)	-	-	2,394	2,394
Transfers out	(105,684)	(105,684)	(85,928)	19,756
Total other financing sources (uses)	(105,684)	(105,684)	(83,534)	22,150
Net changes in fund balance	(380,000)	(380,000)	(157,822)	222,178
FUND BALANCE, BEGINNING	380,000	380,000	325,328	(54,672)
PRIOR PERIOD ADJUSTMENT	-	-	18,251	18,251
FUND BALANCE, ENDING	\$ -	\$ -	\$ 185,757	\$ 185,757
			<u>Revenues</u>	<u>Expenditures</u>
Total revenue and expenditures above			\$ 1,587,099	\$ 1,661,387
Transfers in/out			(85,928)	-
Expenditure capitalized			-	(123,395)
Governmental transfers of assets			168,651	-
Depreciation and amortization expense			-	126,376
Net pension activity			-	(104,363)
Change in compensated absences			-	(10,901)
Change in inventory			-	(25,851)
Total revenues and expenses - generally accepted accounting principles			\$ 1,669,822	1,523,253
Change in net position				\$ 146,569

CITY OF CASCADE LOCKS, OREGON
EMERGENCY SERVICES OPERATIONS COMBINED
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2015

	Emergency Services Fund	OIB Fire Hall Debt Fund	Total Emergency Services Operations
REVENUES:			
Charges for service	\$ 179,621	\$ -	\$ 179,621
Interest	252	-	252
Miscellaneous	4,770	125,019	129,789
	<u>184,643</u>	<u>125,019</u>	<u>309,662</u>
Total revenues			
EXPENDITURES:			
Personnel services	163,073	-	163,073
Materials and service	103,582	-	103,582
Capital outlay	8,411	-	8,411
Debt service:			
Principal	-	147,831	147,831
Interest	-	2,206	2,206
	<u>275,066</u>	<u>150,037</u>	<u>425,103</u>
Total expenditures			
Revenues over (under) expenditures	<u>(90,423)</u>	<u>(25,018)</u>	<u>(115,441)</u>
OTHER FINANCING SOURCES (USES):			
Interfund loan proceeds (payments)	(83,296)	-	(83,296)
Transfers in	181,596	25,058	206,654
Transfers out	(29,996)	-	(29,996)
	<u>68,304</u>	<u>25,058</u>	<u>93,362</u>
Total other financing sources (uses)			
Net change in fund balances	(22,119)	40	(22,079)
FUND BALANCES, BEGINNING BUDGETARY BASIS	108,251	-	108,251
PRIOR PERIOD ADJUSTMENT	<u>16,105</u>	<u>-</u>	<u>16,105</u>
FUND BALANCES, ENDING BUDGETARY BASIS	<u>\$ 102,237</u>	<u>\$ 40</u>	<u>\$ 102,277</u>
		<u>Revenues</u>	<u>Expenditures</u>
Total revenue and expenditures above		\$ 309,662	\$ 425,103
Transfers in/out		176,658	-
Debt service principal payments		-	(147,831)
Depreciation and amortization expense		-	80,338
Gain/loss on disposal of capital assets		-	15,364
Net pension activity		-	(34,734)
Change in compensated absences		-	(1,876)
		<u>486,320</u>	<u>336,364</u>
Total revenues and expenses - generally accepted accounting principles			
Change in net position			<u>\$ 149,956</u>

CITY OF CASCADE LOCKS, OREGON
EMERGENCY SERVICES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for service	\$ 176,575	\$ 176,575	\$ 179,621	\$ 3,046
Interest	75	75	252	177
Miscellaneous	1,500	3,500	4,770	1,270
Total revenues	178,150	180,150	184,643	4,493
EXPENDITURES:				
Personnel services	181,914	181,914	163,073	18,841
Materials and service	94,267	104,267	103,582	685
Capital outlay	19,200	19,200	8,411	10,789
Contingency	13,009	8,071	-	8,071
Total expenditures	308,390	313,452	275,066	38,386
Revenues over (under) expenditures	(130,240)	(133,302)	(90,423)	42,879
OTHER FINANCING SOURCES (USES):				
Interfund loan proceeds (payments)	(59,290)	(59,290)	(83,296)	(24,006) *
Transfers in	157,590	157,590	181,596	24,006
Transfers out	(23,060)	(29,998)	(29,996)	2
Total other financing sources (uses)	75,240	68,302	68,304	2
Net changes in fund balance	(55,000)	(65,000)	(22,119)	42,881
FUND BALANCE, BEGINNING	55,000	65,000	108,251	43,251
PRIOR PERIOD ADJUSTMENT	-	-	16,105	16,105
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 102,237</u>	<u>\$ 102,237</u>

* Exception to local budget law

CITY OF CASCADE LOCKS, OREGON
OIB FIRE HALL DEBT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Miscellaneous	\$ 150,000	\$ 150,000	\$ 125,019	\$ (24,981)
Total revenues	150,000	150,000	125,019	(24,981)
EXPENDITURES:				
Debt service:				
Principal	178,145	178,145	147,831	30,314
Interest	5,266	5,266	2,206	3,060
Total expenditures	183,411	183,411	150,037	33,374
Revenues over (under) expenditures	(33,411)	(33,411)	(25,018)	8,393
OTHER FINANCING SOURCES (USES):				
Transfers in	33,411	33,411	25,058	(8,353)
Total other financing sources (uses)	33,411	33,411	25,058	(8,353)
Net changes in fund balance	-	-	40	40
FUND BALANCE, BEGINNING	-	-	-	-
FUND BALANCE, ENDING	\$ -	\$ -	\$ 40	\$ 40

CITY OF CASCADE LOCKS, OREGON
SEWER OPERATIONS COMBINED
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2015

	<u>Sewer Fund</u>	<u>Sewer Bond Fund</u>	<u>Total Sewer Operations</u>
REVENUES:			
Charges for service	\$ 358,461	\$ -	\$ 358,461
Interest	436	292	728
Miscellaneous	<u>10,830</u>	<u>-</u>	<u>10,830</u>
Total revenues	<u>369,727</u>	<u>292</u>	<u>370,019</u>
EXPENDITURES:			
Personnel services	32,181	-	32,181
Materials and service	172,620	-	172,620
Capital outlay	2,572	-	2,572
Debt service:			
Principal	-	42,908	42,908
Interest	<u>-</u>	<u>34,802</u>	<u>34,802</u>
Total expenditures	<u>207,373</u>	<u>77,710</u>	<u>285,083</u>
Revenues over (under) expenditures	<u>162,354</u>	<u>(77,418)</u>	<u>84,936</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	77,711	77,711
Transfers out	<u>(145,634)</u>	<u>-</u>	<u>(145,634)</u>
Total other financing sources (uses)	<u>(145,634)</u>	<u>77,711</u>	<u>(67,923)</u>
Net change in fund balances	16,720	293	17,013
FUND BALANCES, BEGINNING BUDGETARY BASIS	<u>113,251</u>	<u>60,986</u>	<u>174,237</u>
FUND BALANCES, ENDING BUDGETARY BASIS	<u>\$ 129,971</u>	<u>\$ 61,279</u>	<u>\$ 191,250</u>
		<u>Revenues</u>	<u>Expenditures</u>
Total revenue and expenditures above		\$ 370,019	\$ 285,083
Transfers in/out		-	67,923
Debt service principal payments		-	(42,908)
Governmental transfers of assets		4,000	-
Depreciation and amortization expense		-	133,597
Interest revenue/expense		-	17,180
Gain/loss on disposal of capital assets		-	21
Net pension activity		-	(13,080)
Change in compensated absences		-	(1,728)
Change in inventory		<u>-</u>	<u>(237)</u>
Total revenues and expenses - generally accepted accounting principles		<u>\$ 374,019</u>	<u>445,851</u>
Change in net position			<u>\$ (71,832)</u>

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

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for service	\$ 340,000	\$ 340,000	\$ 358,461	\$ 18,461
Interest	600	600	436	(164)
Miscellaneous	1,000	1,000	10,830	9,830
Total revenues	<u>341,600</u>	<u>341,600</u>	<u>369,727</u>	<u>28,127</u>
EXPENDITURES:				
Personnel services	28,553	35,553	32,181	3,372
Materials and service	206,601	206,601	190,543	16,058
Capital outlay	5,500	5,500	2,572	2,928
Contingency	48,235	48,235	-	48,235
Total expenditures	<u>288,889</u>	<u>295,889</u>	<u>225,296</u>	<u>70,593</u>
Revenues over (under) expenditures	<u>52,711</u>	<u>45,711</u>	<u>144,431</u>	<u>98,720</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(127,711)</u>	<u>(127,711)</u>	<u>(127,711)</u>	<u>-</u>
Total other financing sources (uses)	<u>(127,711)</u>	<u>(127,711)</u>	<u>(127,711)</u>	<u>-</u>
Net changes in fund balance	(75,000)	(82,000)	16,720	98,720
FUND BALANCE, BEGINNING	<u>75,000</u>	<u>82,000</u>	<u>113,251</u>	<u>31,251</u>
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 129,971</u>	<u>\$ 129,971</u>

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

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Interest	\$ 250	\$ 250	\$ 292	\$ 42
Total revenues	250	250	292	42
EXPENDITURES:				
Debt service:				
Principal	102,091	102,091	42,908	59,183
Interest	36,870	36,870	34,802	2,068
Total expenditures	138,961	138,961	77,710	61,251
Revenues over (under) expenditures	(138,711)	(138,711)	(77,418)	61,293
OTHER FINANCING SOURCES (USES):				
Transfers in	77,711	77,711	77,711	-
Total other financing sources (uses)	77,711	77,711	77,711	-
Net changes in fund balance	(61,000)	(61,000)	293	61,293
FUND BALANCE, BEGINNING	61,000	61,000	60,986	(14)
FUND BALANCE, ENDING	\$ -	\$ -	\$ 61,279	\$ 61,279

CITY OF CASCADE LOCKS, OREGON
NONMAJOR PROPRIETARY FUNDS COMBINED
STATEMENT OF NET POSITION
June 30, 2015

	Business-Type Activities - Enterprise Funds			
	CATV Fund	Water Fund	Cemetery Fund	Total
ASSETS:				
Cash and cash equivalents	\$ -	\$ 100,802	\$ 5,532	\$ 106,334
Accounts receivables, net	3,736	29,715	-	33,451
Inventories	-	27,850	-	27,850
Total current assets	3,736	158,367	5,532	167,635
Nondepreciable	-	77,520	30,817	108,337
Capital assets, net	-	733,458	-	733,458
Net pension asset	-	16,445	-	16,445
Total noncurrent assets	-	827,423	30,817	858,240
Total assets	3,736	985,790	36,349	1,025,875
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflow related to pension asset	-	5,995	-	5,995
Total deferred outflows of resources	-	5,995	-	5,995
Total assets & deferred outflows of resources	\$ 3,736	\$ 991,785	\$ 36,349	\$ 1,031,870
CURRENT LIABILITIES:				
Accounts payable and accrued expenses	\$ 5,994	\$ 7,148	\$ 586	\$ 13,728
Deposits	-	1,015	-	1,015
Due to other funds	1,424	-	-	1,424
Total current liabilities	7,418	8,163	586	16,167
NONCURRENT LIABILITIES:				
Noncurrent portion of long-term debt	-	1,989	99	2,088
Pension transitional liability	-	38,603	-	38,603
Total noncurrent liabilities	-	40,592	99	40,691
Total liabilities	7,418	48,755	685	56,858
DEFERRED INFLOWS OF RESOURCES				
Deferred inflow related to pension asset	-	31,732	-	31,732
Total deferred inflows of resources	-	31,732	-	31,732
NET POSITION:				
Net investment in capital assets	-	810,978	30,817	841,795
Unrestricted	(3,682)	100,320	4,847	101,485
Total net position	(3,682)	911,298	35,664	943,280
Total liabilities, deferred inflows & net position	\$ 3,736	\$ 991,785	\$ 36,349	\$ 1,031,870

CITY OF CASCADE LOCKS, OREGON
NONMAJOR PROPRIETARY FUNDS COMBINED
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
June 30, 2015

	Business-Type Activities - Enterprise Funds			
	Total CATV Fund	Total Water Fund	Total Cemetery Fund	Total
REVENUES:				
Charges for service	\$ 76,930	\$ 218,363	\$ 5,097	\$ 300,390
Interest	5	407	30	442
Miscellaneous	178	1,423	-	1,601
Total revenues	<u>77,113</u>	<u>220,193</u>	<u>5,127</u>	<u>302,433</u>
EXPENDITURES:				
Personnel services	3,303	88,236	5,814	97,353
Materials and service	82,494	68,135	1,013	151,642
Capital outlay	-	885	-	885
Total expenditures	<u>85,797</u>	<u>157,256</u>	<u>6,827</u>	<u>249,880</u>
Revenues over (under) expenditures	<u>(8,684)</u>	<u>62,937</u>	<u>(1,700)</u>	<u>52,553</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	3,600	-	3,600
Transfers out	(5,625)	(36,753)	-	(42,378)
Total other financing sources (uses)	<u>(5,625)</u>	<u>(33,153)</u>	<u>-</u>	<u>(38,778)</u>
Net change in fund balances	(14,309)	29,784	(1,700)	13,775
FUND BALANCES, BEGINNING BUDGETARY BASIS	<u>9,101</u>	<u>90,621</u>	<u>6,546</u>	<u>106,268</u>
FUND BALANCES, ENDING BUDGETARY BASIS	<u>\$ (5,208)</u>	<u>\$ 120,405</u>	<u>\$ 4,846</u>	<u>\$ 120,043</u>
			<u>Revenues</u>	<u>Expenditures</u>
Total revenue and expenditures above			\$ 302,433	\$ 249,880
Transfers in/out			(38,778)	-
Governmental transfers of assets			110,320	-
Depreciation and amortization expense			-	40,902
Gain/loss on disposal of capital assets			-	132,341
Net pension activity			-	(19,925)
Change in compensated absences			-	(1,118)
Change in inventory			-	(8,126)
Total revenues and expenses - generally accepted accounting principles			<u>\$ 373,975</u>	<u>393,954</u>
Change in net position				<u>\$ (19,979)</u>

CITY OF CASCADE LOCKS, OREGON
CATV FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Charges for service	\$ 127,950	\$ 127,950	\$ 76,930	\$ (51,020)
Interest	50	50	5	(45)
Miscellaneous	-	-	178	178
Total revenues	<u>128,000</u>	<u>128,000</u>	<u>77,113</u>	<u>(50,887)</u>
EXPENDITURES:				
Personnel services	12,288	12,288	3,303	8,985
Materials and service	105,604	105,604	82,494	23,110
Capital outlay	450	450	-	450
Contingency	13,388	13,388	-	13,388
Total expenditures	<u>131,730</u>	<u>131,730</u>	<u>85,797</u>	<u>45,933</u>
Revenues over (under) expenditures	(3,730)	(3,730)	(8,684)	(4,954)
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(6,270)</u>	<u>(6,270)</u>	<u>(5,625)</u>	<u>645</u>
Total other financing sources (uses)	<u>(6,270)</u>	<u>(6,270)</u>	<u>(5,625)</u>	<u>645</u>
Net changes in fund balance	(10,000)	(10,000)	(14,309)	(4,309)
FUND BALANCE, BEGINNING	<u>10,000</u>	<u>10,000</u>	<u>9,101</u>	<u>(899)</u>
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,208)</u>	<u>\$ (5,208)</u>

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

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Charges for service	\$ 229,500	\$ 229,500	\$ 218,363	\$ (11,137)
Interest	380	380	407	27
Miscellaneous	500	500	1,423	923
Total revenues	230,380	230,380	220,193	(10,187)
EXPENDITURES:				
Personnel services	95,909	98,409	88,236	10,173
Materials and service	3,782,063	3,779,563	68,135	3,711,428
Capital outlay	3,500	3,500	885	2,615
Contingency	51,458	51,458	-	51,458
Total expenditures	3,932,930	3,932,930	157,256	3,775,674
Revenues over (under) expenditures	(3,702,550)	(3,702,550)	62,937	3,765,487
OTHER FINANCING SOURCES (USES):				
Loan proceeds	3,657,000	3,657,000	-	(3,657,000)
Transfers in	3,600	3,600	3,600	-
Transfers out	(37,050)	(37,050)	(36,753)	297
Total other financing sources (uses)	3,623,550	3,623,550	(33,153)	(3,656,703)
Net changes in fund balance	(79,000)	(79,000)	29,784	108,784
FUND BALANCE, BEGINNING	79,000	79,000	90,621	11,621
FUND BALANCE, ENDING	\$ -	\$ -	\$ 120,405	\$ 120,405

CITY OF CASCADE LOCKS, OREGON
CEMETERY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Charges for service	\$ 2,400	\$ 5,000	\$ 5,097	\$ 97
Interest	10	10	30	20
Total revenues	2,410	5,010	5,127	117
EXPENDITURES:				
Personnel services	3,862	6,462	5,814	648
Materials and service	2,842	2,842	1,013	1,829
Contingency	2,206	2,206	-	2,206
Total expenditures	8,910	11,510	6,827	4,683
Net changes in fund balance	(6,500)	(6,500)	(1,700)	4,800
FUND BALANCE, BEGINNING	6,500	6,500	6,546	46
FUND BALANCE, ENDING	\$ -	\$ -	\$ 4,846	\$ 4,846

SEWER OPERATIONS
COMPARATIVE BALANCE SHEET
For the Fiscal Year Ended June 30, 2015

	2015	RESTATED 2014
ASSETS:		
Cash and cash equivalents	\$ 97,804	\$ 83,222
Accounts receivables, net	39,445	35,584
Inventories	1,478	1,241
Prepaid expenses	-	109
Total current assets	<u>138,727</u>	<u>120,156</u>
Restricted cash	61,580	60,979
Nondepreciable	1,000	1,000
Depreciable, net	4,033,616	4,163,234
Net pension asset	<u>10,786</u>	<u>(24,285)</u>
Total noncurrent assets	<u>4,106,982</u>	<u>4,200,928</u>
Total assets	<u>4,245,709</u>	<u>4,321,084</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow related to pension asset	<u>3,933</u>	<u>5,243</u>
Total deferred outflows of resources	<u>3,933</u>	<u>5,243</u>
Total assets & deferred outflows of resources	<u>\$ 4,249,642</u>	<u>\$ 4,326,327</u>
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 4,826	\$ 5,357
Interest payable	17,180	-
Current portion of long-term debt	<u>43,807</u>	<u>16,841</u>
Total current liabilities	<u>65,813</u>	<u>22,198</u>
NONCURRENT LIABILITIES:		
Noncurrent portion of long-term debt	646,425	715,840
Pension transitional liability	<u>27,573</u>	<u>27,440</u>
Total noncurrent liabilities	<u>673,998</u>	<u>743,280</u>
Total liabilities	<u>739,811</u>	<u>765,478</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow related to pension asset	<u>20,814</u>	<u>-</u>
Total deferred inflows of resources	<u>20,814</u>	<u>-</u>
NET POSITION:		
Net investment in capital assets	3,344,843	3,431,552
Restricted for:		
Debt service (expendable)	61,279	61,288
Unrestricted	<u>82,895</u>	<u>68,009</u>
Total net position	<u>3,489,017</u>	<u>3,560,849</u>
Total liabilities, deferred inflows & net position	<u>\$ 4,249,642</u>	<u>\$ 4,326,327</u>

CITY OF CASCADE LOCKS, OREGON
SEWER OPERATIONS
COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES
For the Fiscal Year Ended June 30, 2015

	<u>2015</u>	<u>2014</u>
OPERATING REVENUES:		
Charges for service	\$ 358,461	\$ 373,804
Miscellaneous	10,830	16
	<u>369,291</u>	<u>373,820</u>
Total operating revenues		
OPERATING EXPENSES:		
Personal services	17,373	55,010
Materials and services	174,955	192,785
Depreciation	133,597	134,268
	<u>325,925</u>	<u>382,063</u>
Total operating expenses		
Operating income (loss)	43,366	(8,243)
NON-OPERATING REVENUES (EXPENSES):		
Interest income	728	612
Interest expense	(51,982)	(35,660)
Gain/loss on disposal of capital assets	(21)	-
	<u>(51,275)</u>	<u>(35,048)</u>
Total non-operating revenues (expenses)		
Net income (loss) before operating transfers	(7,909)	(43,291)
OPERATING TRANSFERS:		
Transfers in (out)	(63,923)	(18,835)
Net income (loss)	<u>\$ (71,832)</u>	<u>\$ (62,126)</u>

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

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

We have audited the basic financial statements of the City of Cascade Locks, Oregon (the City), as of and for the year ended June 30, 2015 and have issued our report thereon dated January 14, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

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

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

- Deposits of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions, and repayments.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Highway revenues used for public highways, roads, and streets.
- Authorized investment of surplus funds. (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, and 279C).
- Accountability for collecting or receiving money by elected officials. The City does not have any elected officials collecting or receiving money.

In connection with our testing, nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in the Oregon

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

1. The following fund had a deficit fund balance at June 30, 2015:

CATV	\$(5,208)
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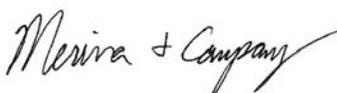
OAR 162-10-0230 Internal Control

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, and have communicated it in a separate letter to management dated January 14, 2016, that we consider to be a significant deficiency.

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



Merina & Company, LLP
West Linn, Oregon
January 14, 2016