

CITY OF CASCADE LOCKS, OREGON

**FINANCIAL STATEMENTS
(With Supplemental Information)**

**FOR THE YEARS ENDED
JUNE 30, 2016**

**MERINA
& COMPANY, LLP**

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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CITY OF CASCADE LOCKS, OREGON

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INTRODUCTORY SECTION

CITY OF CASCADE LOCKS

Names and Addresses of Officers and
Members of the City Council
June 30, 2016

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

Kevin Rutherford, Councilmember
P.O. Box 23
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

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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not

for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2016, 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.

Other Matters

Required Supplementary Information

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

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

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

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section 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 relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section 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.

Reports on Other Legal and Regulatory Requirements

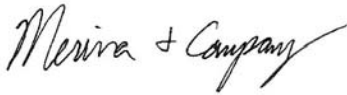
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2017 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to

provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated February 2, 2017, on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

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

Merina & Company, LLP
West Linn, Oregon
February 17, 2017

**City of Cascade Locks
Management's Discussion and Analysis
Fiscal Year 2015/2016**

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, 2016. We encourage readers to consider the information presented here in conjunction with the City's financial statements that follow. This Management Discussion and Analysis (MD&A) is intended to explain the significant changes in financial position and differences in operations between the current and prior years.

FINANCIAL HIGHLIGHTS:

The City's assets exceeded its liabilities at June 30 2016, by **\$11,141,874** (net position). Of this amount, **\$334,280** is restricted for system/equipment upgrade and replacement, and capital improvement projects, and **\$61,644** is restricted for future years' debt service.

- The total net position decreased by **\$533,720** for FY 15/16, as a result of a decrease in liabilities and assets.
- As of the close of FY15/16, the City's governmental funds reported combined ending fund balances of **\$1,794,672**.
- The City's total debt decreased by **\$58,842** (8.4%) during the fiscal year by 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, 2016 is shown here:

	Net Position at June 30, 2016					
	FY 15/16			FY 14/15		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Cash and Investments	1,516,698	250,423	1,767,121	1,614,232	461,373	2,075,605
Other Assets	327,464	448,211	775,675	325,628	444,908	770,536
Restricted Cash	-	61,945	61,945	-	61,580	61,580
Deferred Outflows-Pension	73,929	107,482	181,411	32,281	51,773	84,054
Capital Assets	1,075,148	9,434,710	10,509,858	1,116,224	9,416,784	10,533,008
Net Pension Asset	-	-	-	88,545	142,011	230,556
Total Assets and Deferred Outflows	2,993,239	10,302,771	13,296,010	3,176,910	10,578,429	13,755,339
Other Liabilities	429,782	855,171	1,284,953	266,925	575,529	842,454
Deferred Inflows-Pension	53,446	77,701	131,147	170,857	274,025	444,882
Long-term Debt Outstanding	29,441	708,595	738,036	91,034	701,375	792,409
Total Liabilities and Deferred Inflows	512,669	1,641,467	2,154,136	528,816	1,550,929	2,079,745
Net Position:						
Net Invested in Capital Assets	847,504	8,789,188	9,636,692	1,049,128	8,725,999	9,775,127
Restricted	334,280	61,644.00	395,924	257,864	61,319	319,183
Unrestricted	1,298,786	(189,528)	1,109,258	1,341,102	240,182	1,581,284
Total Net Position	2,480,570	8,661,304	11,141,874	2,648,094	9,027,500	11,675,594
Total Liabilities, Deferred inflows of resources and net position	2,993,239	10,302,771	13,296,010	3,176,910	10,578,429	13,755,339

Governmental Activities

Infrastructure, land, buildings, equipment and other improvements total **\$1,075,148**. Non-land portion of governmental capital assets are now depreciated and the accumulated depreciation at fiscal year-end is **\$1,727,256**. Governmental activity assets, exclusive of capital assets, total **\$1,918,091** compared to total assets of **\$2,993,239** inclusive of capital assets. Excluding compensated absences, the City had no governmental long-term debt as of June 30, 2016.

Business-type Activities

Infrastructure and long-term debt have historically been included in the City's reporting of assets within the Water, Sewer, 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, 2016 total **\$9,434,710**. Accumulated depreciation totals **\$6,113,650**. Business-type assets, exclusive of capital assets, total **\$868,061** compared to total assets of **\$10,302,771** inclusive of capital assets. The City had **\$698,027** in long-term business-type debt, excluding compensated absences, as of June 30, 2016. Principal and interest is payable from sewer and light user fees and 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 the business-type activities there 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, 2016

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

Governmental Activities

Governmental related revenues, not including transfers between funds, increased by **\$235,124** from FY 14/15 to FY 15/16, due to an increase in the housing construction market. Governmental expenses increased from FY 14/15 by **\$478,385** in FY 15/16 due to increase in street maintenance and general government.

Business-type Activities

Business-type related revenues, not including transfers between funds, increased from FY 14/15 by **\$141,782** in FY 15/16 due to an increase in customers. Business-type related expenses increased from FY 14/15 by **\$ 518,327** in FY 15/16 due to an increase across all utilities and funds.

A summary version of the Statement of Activities follows:

Comparison of Statement of Activities for FY15/16 and FY14/15

	Governmental Activities	2015-16 Business- Type Activites	Total	Governmental Activities	2014-15 Business- Type Activites	Total
Revenues:						
Program Revenues:						
Charges for Services	364,777	2,508,494	2,873,271	176,030	2,407,589	2,583,619
Culture and Recreation	66,011	-	66,011	53,503	-	53,503
Operating Grants and Contributions	92,794	-	92,794	42,975	-	42,975
Capital Grants and Contributions	-	-	-	-	-	-
General Revenues:						
Property Taxes	224,848	-	224,848	211,620	-	211,620
Payments in Lieu of Taxes	-	-	-	-	-	-
Taxes/Misc.	129,814	52,736	182,550	171,115	158,704	329,819
Loss of Disposal of Assets	(2,017)	-	(2,017)	(13,121)	(147,726)	(160,847)
Grants and Contributions not Restricted to Specific Programs	-	-	-	-	-	-
Unrestricted Investment Earnings	8,546	2,039	10,585	7,527	2,920	10,447
Total Revenues	884,773	2,563,269	3,448,042	649,649	2,421,487	3,071,136
Expenses:						
General Government	493,274	-	493,274	188,998	-	188,998
Public Safety	111,436	-	111,436	98,220	-	98,220
Highways and Streets	245,954	-	245,954	102,441	-	102,441
Culture and Recreation	113,939	-	113,939	96,559	-	96,559
Interest on Long-term Debt	15,059	-	15,059	15,059	-	15,059
Electric	-	1,695,306	1,695,306	-	1,523,253	1,523,253
Emergency Services	-	347,657	347,657	-	321,000	321,000
Sewer	-	422,576	422,576	-	377,907	377,907
Water	-	461,306	461,306	-	-	-
Other	-	75,255	75,255	-	261,613	261,613
Total Expenses	979,662	3,002,100	3,981,762	501,277	2,483,773	2,985,050
Increase (Decrease) in Net Position Before Transfers	(94,889)	(438,831)	(533,720)	148,372	(62,286)	86,086
Transfers	(72,635)	72,635	-	(267,000)	267,000	-
Increase (Decrease) in Net Position Prior Period Adjustment	(167,524)	(366,196)	(533,720)	(118,628)	204,714	86,086
Prior Period Adjustment	-	-	-	(86,438)	85,500	(938)
Net Position - Beginning of Year	2,648,094	9,027,500	11,675,594	2,853,160	8,737,286	11,590,446
Net Position - End of Year	2,480,570	8,661,304	11,141,874	2,648,094	9,027,500	11,675,594

General Fund Budgetary Highlights

The beginning fund balances for most funds were improved over the year except for City Light. The continuing increased costs for medical insurance and retirement funds will bring added pressure to all budgets. Years of cutting personnel and material and services budgets has caused strain on the General Fund, however because of the administrative overhead cost allocations recommended in 2013 and done since the 2014/15 budget, the General Fund is able to handle the strain. 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, 2016, the City had invested **\$10,509,858** in capital assets, net of depreciation.

	Capital Assets at Fiscal Year-End (Net of Depreciation)		
	Governmental Activities	Business-Type Activities	Total
Land and Other	169,765	133,927	303,692
Buildings and Improvements	87,879	1,398,087	1,485,966
Machinery and Equipment	91,788	639,439	731,227
Infrastructure	725,716	6,741,229	7,466,945
Infrastructure - Intangibles	-	33,505	33,505
Construction in Progress	-	488,523	488,523
Total Assets	1,075,148	9,434,710	10,509,858

Increase/Decrease of Capital Assets between FY15/16 and Prior Fiscal Year FY14/15 (Net of Depreciation)

	Governmental Activities	Business-Type Activities	Total
	Land and Other	-	-
Buildings and Improvements	(9,042)	(32,515)	(41,557)
Machinery and Equipment	(8,084)	33,262	25,178
Infrastructure	(23,950)	(222,811)	(246,761)
Infrastructure - Intangibles	-	-	-
Construction in Progress	-	239,990	239,990
Total Assets	(41,076)	17,926	(23,150)

Debt Outstanding

As of June 30, 2016, the City had **\$738,037** in debt outstanding, compared to **\$792,409** as of June 30, 2015. As of June 30, 2016, **\$98,617** is due within one year. Of this total loan payments are **\$58,607** and the balance is Compensated Absences in the amount of **\$40,010**.

	Outstanding Debt at Year End	
	2016	2015
Governmental:		
Digger Derrick - Electric Dept. Truck	-	67,096
Compensated Absences	29,442	23,938
Total Governmental	29,442	91,034
Business-Type:		
1998 Sewer Bond - USDA Rural	644,912	689,773
Digger Derrick - Electric Dept. Truck	53,115	-
Compensated Absences	10,568	11,602
Total Business-Type	708,595	701,375

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. Because of an expanding housing market estimated property tax revenues increased by approximately 6.25% between FY14/15 and FY15/16.

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 lower this year by a third to 12% because of the growth of small businesses like Brigham's Fish Market and Thunder Island Brewery. Bear Mountain and Smokey Mountain Logistics have increased in the industrial sector. 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, 2016, from Portland State University shows an increase of 25 people over the previous year to 1,250.

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. OneGorge is an advocacy group of Gorge businesses and governments dedicated 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 2016-17 continues the emphasis on 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

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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, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 1,516,698	\$ 250,423	\$ 1,767,121
Due from other governments	1,188	-	1,188
Accounts receivable	84,668	264,467	349,135
Property taxes receivable	14,930	-	14,930
Internal balances	226,678	(226,678)	-
Inventories	-	410,422	410,422
Total current assets	1,844,162	698,634	2,542,796
Noncurrent assets:			
Restricted cash	-	61,945	61,945
Capital assets:			
Nondepreciable	169,765	655,955	825,720
Depreciable, net	905,383	8,778,755	9,684,138
Total noncurrent assets	1,075,148	9,496,655	10,571,803
Total assets	2,919,310	10,195,289	13,114,599
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow related to pension	73,929	107,482	181,411
Total deferred outflows of resources	73,929	107,482	181,411
Total assets and deferred outflows of resources	\$ 2,993,239	\$ 10,302,771	\$ 13,296,010
LIABILITIES:			
Current liabilities:			
Accounts payable and other current liabilities	\$ 25,969	\$ 109,402	\$ 135,371
Deposits	9,779	118,940	128,719
Interest Payable	-	16,720	16,720
Current portion of long-term debt	29,441	69,175	98,616
Total current liabilities	65,189	314,237	379,426
Noncurrent liabilities:			
Noncurrent portion of long-term obligations	-	639,420	639,420
Net pension liability	198,203	288,156	486,359
Pension transitional liability	195,831	321,953	517,784
Total noncurrent liabilities	394,034	1,249,529	1,643,563
Total liabilities	459,223	1,563,766	2,022,989
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow related to pension	53,446	77,701	131,147
Total deferred inflows of resources	53,446	77,701	131,147
NET POSITION:			
Net investment in capital assets	1,075,148	8,736,683	9,811,831
Restricted for:			
Highways and streets	115,313	-	115,313
Cemetery maintenance	14,000	-	14,000
Debt service payments	-	61,644	61,644
System development	135,587	-	135,587
Tourism	69,380	-	69,380
Unrestricted	1,071,142	(137,023)	934,119
Total net position	2,480,570	8,661,304	11,141,874
Total liabilities, deferred inflows of resources and net position	\$ 2,993,239	\$ 10,302,771	\$ 13,296,010

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, 2016

Functions/Programs	Expenses	Program Revenues		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	\$ 493,274	\$ 364,777	\$ 92,794	\$ (35,703)	\$ -	\$ (35,703)
Public safety	111,436	-	-	(111,436)	-	(111,436)
Highways and streets	245,954	-	-	(245,954)	-	(245,954)
Culture and recreation	113,939	66,011	-	(47,928)	-	(47,928)
Interest on long-term debt	15,059	-	-	(15,059)	-	(15,059)
Total governmental activities	979,662	430,788	92,794	(456,080)	-	(456,080)
Business type activities:						
Electrical Fund	1,695,306	1,641,293	-	-	(54,013)	(54,013)
Emergency Services Operations	347,657	155,414	-	-	(192,243)	(192,243)
Sewer Operations	422,576	375,235	-	-	(47,341)	(47,341)
Water Fund	461,306	264,857	-	-	(196,449)	(196,449)
Other Enterprise Funds	75,255	71,695	-	-	(3,560)	(3,560)
Total business type activities	3,002,100	2,508,494	-	-	(493,606)	(493,606)
Total government	\$ 3,981,762	\$ 2,939,282	\$ 92,794	(456,080)	(493,606)	(949,686)
General revenues:						
Taxes:						
Property taxes				224,848	-	224,848
Franchise taxes				5,283	-	5,283
Public service taxes and revenue sharing				32,056	-	32,056
State gas tax				72,713	-	72,713
Interest and investment earning				8,546	2,039	10,585
Miscellaneous revenues				19,762	52,736	72,498
Loss on disposal of assets				(2,017)	-	(2,017)
Transfers in (out)				(72,635)	72,635	-
Total general revenues and transfers				288,556	127,410	415,966
Change in net position				(167,524)	(366,196)	(533,720)
Net position - beginning				2,648,094	9,027,500	11,675,594
Net position - ending				\$ 2,480,570	\$ 8,661,304	\$ 11,141,874

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, 2016

	General Fund	State Tax Street Fund	Capital Reserve 08 Fund	Other Governmental	Total Governmental
ASSETS:					
Cash and cash equivalents	\$ 165,323	\$ 109,605	\$ 972,219	\$ 269,551	\$ 1,516,698
Due from other governments	1,188	-	-	-	1,188
Accounts receivable	57,875	6,422	-	20,371	84,668
Property taxes receivable	14,930	-	-	-	14,930
Due from other funds	62,826	-	233,857	-	296,683
Total assets	<u>\$ 302,142</u>	<u>\$ 116,027</u>	<u>\$ 1,206,076</u>	<u>\$ 289,922</u>	<u>\$ 1,914,167</u>
LIABILITIES:					
Accounts payable and other current liabilities	\$ 24,516	\$ 714	\$ -	\$ 739	\$ 25,969
Deposits	9,779	-	-	-	9,779
Due to other funds	4,788	-	-	65,217	70,005
Total liabilities	<u>39,083</u>	<u>714</u>	<u>-</u>	<u>65,956</u>	<u>105,753</u>
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - property tax revenue	13,742	-	-	-	13,742
Total deferred inflows of resources	<u>13,742</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,742</u>
FUND BALANCES:					
Restricted for:					
Highways and streets	-	115,313	-	-	115,313
Cemetery maintenance	-	-	-	14,000	14,000
System development	-	-	-	135,587	135,587
Tourism	-	-	-	69,380	69,380
Committed to:					
Capital projects	-	-	1,206,076	-	1,206,076
Unassigned	249,317	-	-	4,999	254,316
Total fund balances	<u>249,317</u>	<u>115,313</u>	<u>1,206,076</u>	<u>223,966</u>	<u>1,794,672</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 302,142</u>	<u>\$ 116,027</u>	<u>\$ 1,206,076</u>	<u>\$ 289,922</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.	1,075,148
Pension related changes	(373,551)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	13,742
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>(29,441)</u>
Net position of governmental activities	<u>\$ 2,480,570</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, 2016

	General Fund	State Tax Street Fund	Capital Reserve 08 Fund	Other Governmental	Total Governmental
REVENUES:					
Property taxes	\$ 222,179	\$ -	\$ -	\$ -	\$ 222,179
State gas tax	-	72,713	-	-	72,713
Franchise fees	5,283	-	-	-	5,283
Grants	-	-	-	92,794	92,794
Charges for service	146,524	-	-	203	146,727
Licenses and permits	-	2,750	-	-	2,750
Intergovernmental	32,056	-	-	-	32,056
Fines and forfeitures	975	-	-	-	975
Special assessments	153,553	-	-	65,808	219,361
Interest	1,437	-	6,139	970	8,546
Miscellaneous	8,395	673	8,860	1,834	19,762
System development charges	-	-	-	60,975	60,975
Total revenues	<u>570,402</u>	<u>76,136</u>	<u>14,999</u>	<u>222,584</u>	<u>884,121</u>
EXPENDITURES:					
Current:					
General government	157,873	-	-	73,877	231,750
Public safety	106,672	-	-	-	106,672
Highways and streets	-	69,858	-	-	69,858
Culture and recreation	77,225	-	-	36,714	113,939
Capital outlay	-	3,950	294,969	-	298,919
Debt service:					
Principal	-	-	67,096	-	67,096
Total expenditures	<u>341,770</u>	<u>73,808</u>	<u>362,065</u>	<u>110,591</u>	<u>888,234</u>
Revenues over (under) expenditures	<u>228,632</u>	<u>2,328</u>	<u>(347,066)</u>	<u>111,993</u>	<u>(4,113)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	134,528	500	135,028
Transfers out	(166,158)	(14,988)	(22,017)	(4,500)	(207,663)
Total other financing sources (uses)	<u>(166,158)</u>	<u>(14,988)</u>	<u>112,511</u>	<u>(4,000)</u>	<u>(72,635)</u>
Net change in fund balances	62,474	(12,660)	(234,555)	107,993	(76,748)
FUND BALANCES, BEGINNING	<u>186,843</u>	<u>127,973</u>	<u>1,440,631</u>	<u>115,973</u>	<u>1,871,420</u>
FUND BALANCES, ENDING	<u>\$ 249,317</u>	<u>\$ 115,313</u>	<u>\$ 1,206,076</u>	<u>\$ 223,966</u>	<u>\$ 1,794,672</u>

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, 2016

Amounts reported in the statement of activities are different because:

Net change in fund balances \$ (76,748)

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. (113,962)

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	(45,834)	
Capital asset additions	6,775	
Loss of disposal of assets	(2,017)	(41,076)

Some revenue reported in the statement of activities do not provide current financial resources in the governmental funds. 2,669

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 (5,503)

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 \$ (167,524)

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 four segments of operations – Electrical, Emergency Services, Sewer and Water.

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.

Water Fund

The Water Fund accounts for activities of the City's water collection operations.

CITY OF CASCADE LOCKS, OREGON
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
June 30, 2016

	Business-Type Activities - Enterprise Funds					
	Electrical Fund	Emergency Services Operations	Sewer Operations	Water Fund	Other Enterprise Funds	Total
ASSETS:						
Cash and cash equivalents	\$ 102,407	\$ 34,146	\$ 110,447	\$ -	\$ 3,423	\$ 250,423
Accounts receivables, net	175,272	13,504	36,278	28,219	11,194	264,467
Due from other funds	4,788	-	-	-	-	4,788
Inventories	391,930	-	1,847	16,645	-	410,422
Total current assets	674,397	47,650	148,572	44,864	14,617	930,100
Restricted cash	-	-	61,945	-	-	61,945
Nondepreciable	448,388	98,230	1,000	77,520	30,817	655,955
Depreciable, net	2,466,803	1,698,834	3,903,702	709,416	-	8,778,755
Total noncurrent assets	2,915,191	1,797,064	3,966,647	786,936	30,817	9,496,655
Total assets	3,589,588	1,844,714	4,115,219	831,800	45,434	10,426,755
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflow related to pension	74,260	12,286	8,274	12,662	-	107,482
Total deferred outflows of resources	74,260	12,286	8,274	12,662	-	107,482
Total assets & deferred outflows of resources:	\$ 3,663,848	\$ 1,857,000	\$ 4,123,493	\$ 844,462	\$ 45,434	\$ 10,534,237
CURRENT LIABILITIES:						
Accounts payable and accrued expenses	\$ 68,801	\$ 2,141	\$ 13,929	\$ 19,156	\$ 5,375	\$ 109,402
Deposits	115,825	-	-	3,115	-	118,940
Due to other funds	-	168,640	-	58,548	4,278	231,466
Interest payable	-	-	16,720	-	-	16,720
Current portion of long-term debt	21,532	-	44,877	2,635	131	69,175
Total current liabilities	206,158	170,781	75,526	83,454	9,784	545,703
NONCURRENT LIABILITIES:						
Noncurrent portion of long-term debt	38,775	-	600,645	-	-	639,420
Net pension liability	199,088	32,940	22,181	33,947	-	288,156
Pension transitional liability	190,255	69,410	26,036	36,252	-	321,953
Total noncurrent liabilities	428,118	102,350	648,862	70,199	-	1,249,529
Total liabilities	634,276	273,131	724,388	153,653	9,784	1,795,232
DEFERRED INFLOWS OF RESOURCES						
Deferred inflow related to pension	53,684	8,882	5,981	9,154	-	77,701
Total deferred inflows of resources	53,684	8,882	5,981	9,154	-	77,701
NET POSITION:						
Net investment in capital assets	2,862,076	1,797,064	3,259,790	786,936	30,817	8,736,683
Restricted for:						
Debt service (expendable)	-	-	61,644	-	-	61,644
Unrestricted	113,812	(222,077)	71,690	(105,281)	4,833	(137,023)
Total net position	2,975,888	1,574,987	3,393,124	681,655	35,650	8,661,304
Total liabilities & net position	\$ 3,663,848	\$ 1,857,000	\$ 4,123,493	\$ 844,462	\$ 45,434	\$ 10,534,237

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, 2016**

Business-Type Activities - Enterprise Funds

	Electrical Fund	Emergency Services Operations	Sewer Operations	Water Fund	Other Enterprise Funds	Total
OPERATING REVENUES:						
Charges for service	\$ 1,641,293	\$ 155,414	\$ 375,235	\$ 264,857	\$ 71,695	\$ 2,508,494
Miscellaneous	15,738	6,003	30,541	454	-	52,736
Total operating revenues	1,657,031	161,417	405,776	265,311	71,695	2,561,230
OPERATING EXPENSES:						
Personnel services	772,300	173,046	47,597	108,554	5,154	1,106,651
Materials and services	783,443	93,787	212,675	319,404	70,101	1,479,410
Depreciation	138,021	80,824	129,914	33,348	-	382,107
Total operating expenses	1,693,764	347,657	390,186	461,306	75,255	2,968,168
Operating income (loss)	(36,733)	(186,240)	15,590	(195,995)	(3,560)	(406,938)
NON-OPERATING REVENUES (EXPENSES):						
Interest income	678	182	907	251	21	2,039
Interest expense	(1,542)	-	(32,390)	-	-	(33,932)
Total non-operating revenues (expenses)	(864)	182	(31,483)	251	21	(31,893)
Net income (loss) before operating transfers	(37,597)	(186,058)	(15,893)	(195,744)	(3,539)	(438,831)
OPERATING TRANSFERS:						
Transfers in (out)	11,924	167,403	(80,000)	(33,900)	7,208	72,635
Change in net position	(25,673)	(18,655)	(95,893)	(229,644)	3,669	(366,196)
NET POSITION, BEGINNING	<u>3,001,561</u>	<u>1,593,642</u>	<u>3,489,017</u>	<u>911,299</u>	<u>31,981</u>	<u>9,027,500</u>
NET POSITION, ENDING	<u>\$ 2,975,888</u>	<u>\$ 1,574,987</u>	<u>\$ 3,393,124</u>	<u>\$ 681,655</u>	<u>\$ 35,650</u>	<u>\$ 8,661,304</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, 2016

	Business-Type Activities - Enterprise Funds					Total
	Electrical Fund	Emergency Services Operations	Sewer Operations	Water Fund	Other Enterprise Funds	
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from customers	\$ 1,642,100	\$ 203,921	\$ 408,943	\$ 268,907	\$ 64,237	\$ 2,588,108
Cash paid to employees and others for salaries/benefits	(541,884)	(152,939)	(22,783)	(89,112)	(5,090)	(811,808)
Cash paid to suppliers and others	(914,259)	(118,698)	(216,348)	(296,190)	(71,339)	(1,616,834)
Net cash provided (used) by operating activities	185,957	(67,716)	169,812	(116,395)	(12,192)	159,466
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:						
Payment from (to) other funds	-	-	-	58,548	2,854	61,402
Transfers in (out)	11,924	167,403	(80,000)	(33,900)	7,208	72,635
Net cash provided (used) by non-capital financing activities	11,924	167,403	(80,000)	24,648	10,062	134,037
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Purchase of capital assets	(363,394)	(27,333)	-	(9,306)	-	(400,033)
Proceeds from debt	67,096	-	-	-	-	67,096
Debt principal payments	(13,981)	-	(44,861)	-	-	(58,842)
Interest paid	(1,542)	-	(32,850)	-	-	(34,392)
Proceeds (repayment) of interfund loans	2,393	(82,349)	-	-	-	(79,956)
Net cash provided (used) by capital and related financing activities	(309,428)	(109,682)	(77,711)	(9,306)	-	(506,127)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest received	678	182	907	251	21	2,039
Net cash provided (used) by investing activities	678	182	907	251	21	2,039
Net increase (decrease) in cash and cash equivalents	(110,869)	(9,813)	13,008	(100,802)	(2,109)	(210,585)
CASH AND CASH EQUIVALENTS, BEGINNING	213,276	43,959	159,384	100,802	5,532	522,953
CASH AND CASH EQUIVALENTS, ENDING	\$ 102,407	\$ 34,146	\$ 172,392	\$ -	\$ 3,423	\$ 312,368
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES						
Operating income (loss)	\$ (36,733)	\$ (186,240)	\$ 15,590	\$ (195,995)	\$ (3,560)	\$ (406,938)
Adjustments						
Depreciation	138,021	80,824	129,914	33,348	-	382,107
Decrease (increase) in:						
Accounts receivable	(22,231)	42,504	3,167	1,496	(7,458)	17,478
Inventories	(13,063)	-	(369)	11,205	-	(2,227)
Increase (decrease) in:						
Accounts payable and accrued expenses	(2,545)	(14,858)	9,103	12,009	(1,206)	2,503
Deposits	7,300	-	-	2,100	-	9,400
Accrued interest payable	-	-	-	-	-	-
Pension liability	129,847	13,347	13,793	21,147	-	178,134
Transitional liability	(13,788)	(2,281)	(1,537)	(2,351)	-	(19,957)
Accrued compensated absences	(851)	(1,012)	151	646	32	(1,034)
Net cash provided (used) by operating activities	\$ 185,957	\$ (67,716)	\$ 169,812	\$ (116,395)	\$ (12,192)	\$ 159,466

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, 2016

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, 2016

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

CITY OF CASCADE LOCKS, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

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 arise 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 Cash Equivalents

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

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

F. Receivables

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

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".

CITY OF CASCADE LOCKS, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
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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, 2016.

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.

CITY OF CASCADE LOCKS, OREGON
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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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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governmental funds report unavailable revenues from property taxes and deferred amounts related 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 \$395,924 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.

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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, 2016 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>\$ 1,614,821</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, 2016, the book value of the City's deposits was \$213,499 and the bank balance was \$257,762. As of June 30, 2016 \$7,762 of the City's bank balances were exposed to custodial credit risk.

E. Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure of the counterparty, the City will not be able to recover the value of its investments or collateralized securities that are in the possession of an outside party. The City's investment policy limits the types of investments that may be held to those specified by Oregon statutes and does not allow securities to be held by the counterparty. The City's policy is in compliance with State statutes.

CITY OF CASCADE LOCKS, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

3. Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:

Primary Government	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 169,765	\$ -	\$ -	\$ -	\$ 169,765
Total capital assets, not being depreciated	169,765	-	-	-	169,765
Capital assets, being depreciated:					
Buildings & improvements	236,184	-	-	(2,554)	233,630
Infrastructure	1,943,847	-	-	-	1,943,847
Machinery & equipment	453,421	6,775	(7,588)	2,554	455,162
Total capital assets, being depreciated	2,633,452	6,775	(7,588)	-	2,632,639
Less accumulated depreciation for:					
Buildings & improvements	(139,263)	(7,228)	-	740	(145,751)
Infrastructure	(1,194,181)	(23,950)	-	-	(1,218,131)
Machinery & equipment	(353,549)	(14,656)	5,571	(740)	(363,374)
Total accumulated depreciation	(1,686,993)	(45,834)	5,571	-	(1,727,256)
Total capital assets, being depreciated, net	946,459	(39,059)	(2,017)	-	905,383
Governmental activities capital assets, net	<u>\$ 1,116,224</u>	<u>\$ (39,059)</u>	<u>\$ (2,017)</u>	<u>\$ -</u>	<u>\$ 1,075,148</u>
Governmental Activities					
General government		\$ 16,206			
Streets		29,628			
Total depreciation expense - governmental activities		<u>\$ 45,834</u>			

CITY OF CASCADE LOCKS, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Business-type Activities	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 133,927	\$ -	\$ -	\$ -	\$ 133,927
Construction in Progress	248,533	290,567	-	(50,577)	488,523
Intangibles	33,505	-	-	-	33,505
Total capital assets , not being depreciated	415,965	290,567	-	(50,577)	655,955
Capital assets, being depreciated:					
Buildings & improvements	1,625,786	-	-	-	1,625,786
Infrastructure	11,526,464	87,133	-	55,827	11,669,424
Machinery & equipment	1,600,112	22,333	-	(5,250)	1,617,195
Total capital assets, being depreciated	14,752,362	109,466	-	50,577	14,912,405
Less accumulated depreciation for:					
Buildings & improvements	(195,184)	(32,515)	-	-	(227,699)
Infrastructure	(4,562,424)	(250,334)	-	(115,437)	(4,928,195)
Machinery & equipment	(993,935)	(99,258)	-	115,437	(977,756)
Total accumulated depreciation	(5,751,543)	(382,107)	-	-	(6,133,650)
Total capital assets, being depreciated, net	9,000,819	(272,641)	-	50,577	8,778,755
Business-type activities capital assets, net	\$ 9,416,784	\$ 17,926	\$ -	\$ -	\$ 9,434,710
Business-type activities:					
Water		\$ 33,348			
Sewer		129,914			
Emergency services		80,824			
Electrical		138,021			
Total depreciation expense - business-type activities		\$ 382,107			

CITY OF CASCADE LOCKS, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
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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	\$ -	\$ (166,158)
State Tax Street Fund	-	(14,988)
Capital Reserve 08 Fund	134,528	(22,017)
Non-Major	500	(4,500)
Total Governmental Funds	<u>135,528</u>	<u>(210,163)</u>
Proprietary Funds:		
Major		
Electrical Fund	15,524	(3,600)
Emergency Services Operations	167,443	(40)
Sewer Operations	77,711	(157,711)
Water Fund	3,600	(37,500)
Non-Major	7,208	-
Total Proprietary Funds	<u>273,486</u>	<u>(198,851)</u>
Total all funds	<u>\$ 409,014</u>	<u>\$ (409,014)</u>

5. Interfund Receivables & Payables

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

Interfund balances at June 30, 2016 are as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
Capital Reserve Fund	Grants Fund	\$ 65,217
Capital Reserve Fund	Emergency Services Fund	168,640
Electric Fund	General Fund	4,788
General Fund	CATV Fund	4,278
General Fund	Water Fund	58,548
Total		<u>\$ 301,471</u>

CITY OF CASCADE LOCKS, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

6. Long Term Debt

During the year ended June 30, 2016, long-term liability activity was as follows:

	<u>06/30/15</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>06/30/16</u> <u>Balance</u>	<u>Due in</u> <u>1 Year</u>
Governmental Activities					
Governmental Loans/Notes					
Digger Derrick	\$ 67,096	\$ -	\$ 67,096	\$ -	\$ -
Total Governmental Loans	<u>67,096</u>	<u>-</u>	<u>67,096</u>	<u>-</u>	<u>-</u>
Compensated Absences	<u>23,938</u>	<u>5,503</u>	<u>-</u>	<u>29,441</u>	<u>29,441</u>
Total Governmental	<u>\$ 91,034</u>	<u>\$ 5,503</u>	<u>\$ 67,096</u>	<u>\$ 29,441</u>	<u>\$ 29,441</u>
Business-Type Activities					
Enterprise Bonds					
1998 Sewer Bond	\$ 689,773	\$ -	\$ 44,861	\$ 644,912	\$ 44,267
Total Enterprise Bonds	<u>689,773</u>	<u>-</u>	<u>44,861</u>	<u>644,912</u>	<u>44,267</u>
Enterprise Loans/Notes					
Digger Derrick	<u>-</u>	<u>67,096</u>	<u>13,981</u>	<u>53,115</u>	<u>14,340</u>
Total Enterprise Loans	<u>-</u>	<u>67,096</u>	<u>13,981</u>	<u>53,115</u>	<u>14,340</u>
Compensated Absences	<u>11,602</u>	<u>-</u>	<u>1,034</u>	<u>10,568</u>	<u>10,568</u>
Total Enterprise	<u>\$ 701,375</u>	<u>\$ 67,096</u>	<u>\$ 59,876</u>	<u>\$ 708,595</u>	<u>\$ 69,175</u>

A. Notes Payable

Business-Type 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 2016, the remaining balance is as follows:

\$ 53,115

CITY OF CASCADE LOCKS, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

Digger Derrick

June 30:	Principal	Interest
2017	\$ 14,340	\$ 1,183
2018	14,709	814
2019	15,087	436
2020	8,979	76
2021	-	-
Total	<u>\$ 53,115</u>	<u>\$ 2,509</u>

B. Bonds Payable

1. Sewer bonds outstanding at June 30, 2016 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%.

\$ 644,912

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

1998 Sewer Bond

June 30:	Principal	Interest
2017	\$ 44,267	\$ 33,440
2018	45,230	32,477
2019	46,238	31,469
2020	47,295	30,412
2021	48,401	29,306
2022-2026	260,532	128,003
2027-2031	152,949	59,747
Total	<u>\$ 644,912</u>	<u>\$ 344,854</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 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:

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, 2013 actuarial valuation as subsequently modified by 2015 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2015. Employer contributions for the year ended June 30, 2016 were \$142,027, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2016 were 28.64 percent for Tier One/Tier Two General Service Member, 20.50 percent for OPSRP Pension Program General Service Members, and 6 percent for OPSRP Individual Account Program.

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

At June 30, 2016, the City reported a liability of \$486,359 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December

CITY OF CASCADE LOCKS, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

31, 2013 rolled forward to June 30, 2015. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2015, the City's proportion was 0.00847 percent, which was decreased from its proportion of 0.01017 measured as of June 30, 2014.

For the year ended June 30, 2016, the City's recognized pension expense (income) of (\$305,822). At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 26,227	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on investments	-	101,951
Changes in proportion	-	29,196
Differences between employer contributions and proportionate share of contributions	13,157	-
Total (prior to post-MD contributions)	39,384	131,147
Contributions subsequent to the MD	142,027	-
Total	\$ 181,411	\$ 131,147

Deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Deferred Outflows		Deferred Inflows	
Amortization Period		Amortization Period	
FY2017	\$ 151,567	FY2017	\$ 55,279
FY2018	9,540	FY2018	55,279
FY2019	9,540	FY2019	55,279
FY2020	8,245	FY2020	(37,346)
FY2021	2,519	FY2021	2,656
Total	\$ 181,411	Total	\$ 131,147

E. Actuarial assumptions

The employer contribution rates effective July 1, 2013, through June 30, 2015 and effective July 1, 2015 through June 30, 2017, 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

CITY OF CASCADE LOCKS, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

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, 2013 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2013
Measurement Date	June 30, 2015
Experience Study Report	2014, published September 2015
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.75 percent
Long-Term Expected Rate of Return	7.75 percent
Discount Rate	7.75 percent
Projected Salary Increases	3.75 percent overall payroll growth
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and grade COLA
Mortality	Health retirees and beneficiaries: RP-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 (65% for males, 90% for females) of the RP-2000 statistic combined disabled mortality sex-distinct table.

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

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

CITY OF CASCADE LOCKS, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

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.

Asset Class/Strategy	Assumed Asset Allocation		
	Low Range	High Range	Target
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Private Equity	16.0%	24.0%	20.0%
Real Estate	9.5%	15.5%	12.5%
Alternative Equity	0.0%	10.0%	10.0%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			100.0%

Asset Class	Target Allocation	Compounded Annual Return (Geometric)
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	100.00%	

Assumed Inflation - Mean 2.75%

G. Depletion Date Projection

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for PERS:

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is our independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

H. 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.

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

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

CITY OF CASCADE LOCKS, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

	<u>1% Decrease (6.75%)</u>	<u>Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
City's proportionate share of the net pension liability (asset)	\$ 1,173,804	\$ 486,359	\$ (92,981)

J. Pension plan fiduciary net position

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

K. Payables to the pension plan

The City reports payables in the amount of \$5,599 payable to the pension plan.

L. Changes in Plan Provisions During the Measurement Period

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.

M. Changes in Plan Provisions Subsequent to Measurement Date

There were no changes subsequent to the June 30, 2015 measurement date.

N. 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

CITY OF CASCADE LOCKS, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

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 0.45% for Tier1/Tier 2 and 0.45% 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, 2016, 2015, and 2014 were \$3,567, \$4,380, and \$3,656 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.

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, 2016

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Property taxes	\$ 193,000	\$ 193,000	\$ 222,179	\$ 29,179
Franchise fees	4,500	4,500	5,283	783
Charges for services	160,060	160,060	146,524	(13,536)
Intergovernmental	29,334	29,334	32,056	2,722
Fines and forfeitures	150	150	975	825
Special assessments	112,000	112,000	153,553	41,553
Interest	600	600	1,437	837
Miscellaneous	1,000	1,000	8,395	7,395
Total revenues	<u>500,644</u>	<u>500,644</u>	<u>570,402</u>	<u>69,758</u>
EXPENDITURES:				
General government	205,206	199,998	157,873	42,125
Public safety	106,904	106,829	106,672	157
Culture and recreation	101,525	101,600	77,225	24,375
Capital outlay	700	700	-	700
Contingency	12,965	12,965	-	12,965
Total expenditures	<u>427,300</u>	<u>422,092</u>	<u>341,770</u>	<u>80,322</u>
Revenues over (under) expenditures	<u>73,344</u>	<u>78,552</u>	<u>228,632</u>	<u>150,080</u>
OTHER FINANCING SOURCES (USES):				
Interfund loan proceeds (payments)	(2,394)	(2,394)	(2,394)	-
Transfers out	<u>(160,950)</u>	<u>(166,158)</u>	<u>(166,158)</u>	-
Total other financing sources (uses)	<u>(163,344)</u>	<u>(168,552)</u>	<u>(168,552)</u>	-
Net changes in fund balance	(90,000)	(90,000)	60,080	150,080
FUND BALANCE, BEGINNING BUDGETARY BASIS	<u>90,000</u>	<u>90,000</u>	<u>194,025</u>	<u>104,025</u>
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	254,105	<u>\$ 254,105</u>
INTERFUND LOAN PAYABLE			<u>(4,788)</u>	
FUND BALANCE, ENDING GAAP			<u>\$ 249,317</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, 2016

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
State gas tax	\$ 71,200	\$ 71,200	\$ 72,713	\$ 1,513
Licenses and permits	-	-	2,750	2,750
Interest	500	500	673	173
Total revenues	71,700	71,700	76,136	4,436
EXPENDITURES:				
Personnel services	53,900	53,900	55,413	(1,513) *
Materials and service	24,598	24,598	14,445	10,153
Capital outlay	35,000	35,000	3,950	31,050
Contingency	57,214	57,214	-	57,214
Total expenditures	170,712	170,712	73,808	96,904
Revenues over (under) expenditures	(99,012)	(99,012)	2,328	101,340
OTHER FINANCING SOURCES (USES):				
Transfers out	(14,988)	(14,988)	(14,988)	-
Total other financing sources (uses)	(14,988)	(14,988)	(14,988)	-
Net changes in fund balance	(114,000)	(114,000)	(12,660)	101,340
FUND BALANCE, BEGINNING BUDGETARY BASIS	114,000	114,000	127,973	13,973
FUND BALANCE, ENDING BUDGETARY BASIS	\$ -	\$ -	\$ 115,313	\$ 115,313

* Budgetary appropriation includes personnel services, materials and services, and capital outlay

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

Measurement Date 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	0.00847096%	\$ 486,359	\$ 654,057	74.36%	91.90%
2014	0.01017141%	(230,556)	550,106	-41.91%	103.60%
2013	0.00847096%	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 Three 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
2016	\$ 142,027	\$ 142,027	\$ -	\$ 739,513	19.21%
2015	69,138	69,138	-	654,057	10.57%
2014	112,061	112,061	-	550,106	20.37%

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, 2016

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, 2016. Appropriations lapse as of year-end.

B. Changes in Benefit Terms

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 that was not included in the net pension liability (asset) proportionate shares provided by OPERS for the years ending June 30, 2015 and June 30, 2014.

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:

CITY OF CASCADE LOCKS, OREGON
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2016

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, 2016

	System Development Fund	Grants Fund	Tourism Fund	Cemetery Trust Fund	Total
ASSETS					
Cash and cash equivalents	\$ 135,587	\$ 70,883	\$ 49,081	\$ 14,000	\$ 269,551
Accounts receivable	-	-	20,371	-	20,371
Total assets	\$ 135,587	\$ 70,883	\$ 69,452	\$ 14,000	\$ 289,922
LIABILITIES:					
Accounts payable and other current liabilities	\$ -	\$ 667	\$ 72	\$ -	\$ 739
Due to other funds	-	65,217	-	-	65,217
Total liabilities	-	65,884	72	-	65,956
FUND BALANCES:					
Restricted for:					
Cemetery maintenance	-	-	-	14,000	14,000
System development	135,587	-	-	-	135,587
Tourism	-	-	69,380	-	69,380
Unassigned	-	4,999	-	-	4,999
Total fund balances	135,587	4,999	69,380	14,000	223,966
Total liabilities and fund balances	\$ 135,587	\$ 70,883	\$ 69,452	\$ 14,000	\$ 289,922

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, 2016

	System Development Fund	Grants Fund	Tourism Fund	Cemetery Trust Fund	Total
REVENUES:					
Grants	\$ -	\$ 92,794	\$ -	\$ -	\$ 92,794
Charges for service	-	-	-	203	203
Special assessments	-	-	65,808	-	65,808
Interest	577	-	303	90	970
Miscellaneous	-	500	1,334	-	1,834
System development charges	60,975	-	-	-	60,975
Total revenues	61,552	93,294	67,445	293	222,584
EXPENDITURES:					
General government	-	73,877	-	-	73,877
Culture and recreation	-	-	36,714	-	36,714
Total expenditures	-	73,877	36,714	-	110,591
Revenues over (under) expenditures	61,552	19,417	30,731	293	111,993
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	500	-	500
Transfers out	-	(500)	(2,000)	(2,000)	(4,500)
Total other financing sources (uses)	-	(500)	(1,500)	(2,000)	(4,000)
Net change in fund balances	61,552	18,917	29,231	(1,707)	107,993
FUND BALANCE, BEGINNING GAAP	74,035	(13,918)	40,149	15,707	115,973
FUND BALANCE, ENDING GAAP	\$ 135,587	\$ 4,999	\$ 69,380	\$ 14,000	\$ 223,966

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, 2016

	Budget		Actual	Variance with Final Budget
	Original	Final		
Administrative:				
Personnel services	\$ 143,748	\$ 143,748	\$ 150,551	\$ (6,803)
Materials and services	28,958	28,750	-	28,750
Capital outlay	700	700	-	700
Subtotal	<u>173,406</u>	<u>173,198</u>	<u>150,551</u>	<u>22,647</u>
Planning:				
Materials and services	<u>32,500</u>	<u>27,500</u>	<u>7,322</u>	<u>20,178</u>
Subtotal	<u>32,500</u>	<u>27,500</u>	<u>7,322</u>	<u>20,178</u>
Agency:				
Materials and services	<u>7,495</u>	<u>7,420</u>	<u>7,263</u>	<u>157</u>
Subtotal	<u>7,495</u>	<u>7,420</u>	<u>7,263</u>	<u>157</u>
Property:				
Personnel services	78,775	78,775	58,421	20,354
Materials and services	<u>11,220</u>	<u>11,220</u>	<u>10,772</u>	<u>448</u>
Subtotal	<u>89,995</u>	<u>89,995</u>	<u>69,193</u>	<u>20,802</u>
Police:				
Materials and services	<u>99,409</u>	<u>99,409</u>	<u>99,409</u>	<u>-</u>
Subtotal	<u>99,409</u>	<u>99,409</u>	<u>99,409</u>	<u>-</u>
Museum:				
Materials and services	<u>1,700</u>	<u>1,775</u>	<u>1,730</u>	<u>45</u>
Subtotal	<u>1,700</u>	<u>1,775</u>	<u>1,730</u>	<u>45</u>
Community relations:				
Materials and services	<u>9,830</u>	<u>9,830</u>	<u>6,302</u>	<u>3,528</u>
Subtotal	<u>9,830</u>	<u>9,830</u>	<u>6,302</u>	<u>3,528</u>
Total expenditures	<u>\$ 414,335</u>	<u>\$ 409,127</u>	<u>\$ 341,770</u>	<u>\$ 67,357</u>

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, 2016

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Interest	\$ 3,000	\$ 3,000	\$ 6,139	\$ 3,139
Miscellaneous	-	-	8,860	8,860
Total revenues	<u>3,000</u>	<u>3,000</u>	<u>14,999</u>	<u>11,999</u>
EXPENDITURES:				
Capital outlay	1,470,138	1,451,314	294,969	1,156,345
Debt service:				
Principal	-	-	67,096	(67,096) *
Total expenditures	<u>1,470,138</u>	<u>1,451,314</u>	<u>362,065</u>	<u>1,089,249</u>
Revenues over (under) expenditures	(1,467,138)	(1,448,314)	(347,066)	1,101,248
OTHER FINANCING SOURCES (USES):				
Interfund loan proceeds (payments)	82,350	82,350	82,349	(1)
Transfers in	133,988	133,988	134,528	540
Transfers out	-	(22,017)	(22,017)	-
Total other financing sources (uses)	<u>216,338</u>	<u>194,321</u>	<u>194,860</u>	<u>539</u>
Net changes in fund balance	(1,250,800)	(1,253,993)	(152,206)	1,101,787
FUND BALANCE, BEGINNING BUDGETARY BASIS	<u>1,250,800</u>	<u>1,238,469</u>	<u>1,124,425</u>	<u>(114,044)</u>
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ -</u>	<u>\$ (15,524)</u>	972,219	<u>\$ 987,743</u>
INTERFUND LOAN RECEIVABLE			<u>233,857</u>	
FUND BALANCE, ENDING GAAP			<u>\$ 1,206,076</u>	

* 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, 2016**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Interest	\$ -	\$ -	\$ 577	\$ 577
System development charges	-	-	60,975	60,975
Total revenues	-	-	61,552	61,552
EXPENDITURES:				
Capital outlay	71,045	71,045	-	71,045
Total expenditures	71,045	71,045	-	71,045
Net changes in fund balances	(71,045)	(71,045)	61,552	132,597
FUND BALANCE, BEGINNING BUDGETARY BASIS	71,045	71,045	74,035	2,990
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 135,587</u>	<u>\$ 135,587</u>

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, 2016

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Grants	\$ 155,300	\$ 159,300	\$ 92,794	\$ (66,506)
Miscellaneous	-	500	500	-
Total revenues	<u>155,300</u>	<u>159,800</u>	<u>93,294</u>	<u>(66,506)</u>
EXPENDITURES:				
Materials and service	<u>155,300</u>	<u>159,300</u>	<u>73,877</u>	<u>85,423</u>
Total expenditures	<u>155,300</u>	<u>159,300</u>	<u>73,877</u>	<u>85,423</u>
Revenues over (under) expenditure:	<u>-</u>	<u>500</u>	<u>19,417</u>	<u>18,917</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>-</u>	<u>(500)</u>	<u>(500)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(500)</u>	<u>(500)</u>	<u>-</u>
Net changes in fund balance	-	-	18,917	18,917
FUND BALANCE, BEGINNING BUDGETARY BASIS	<u>-</u>	<u>-</u>	<u>51,299</u>	<u>51,299</u>
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	<u>70,216</u>	<u>\$ 70,216</u>
INTERFUND LOAN PAYABLE			<u>(65,217)</u>	
FUND BALANCE, ENDING GAAP			<u>\$ 4,999</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, 2016

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Special assessments	\$ 48,000	\$ 48,000	\$ 65,808	\$ 17,808
Interest	100	100	303	203
Miscellaneous	500	500	1,334	834
Total revenues	<u>48,600</u>	<u>48,600</u>	<u>67,445</u>	<u>18,845</u>
EXPENDITURES:				
Materials and service	51,680	51,680	36,714	14,966
Contingency	9,920	10,420	-	10,420
Total expenditures	<u>61,600</u>	<u>62,100</u>	<u>36,714</u>	<u>25,386</u>
Revenues over (under) expenditures	<u>(13,000)</u>	<u>(13,500)</u>	<u>30,731</u>	<u>44,231</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	500	500	-
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>(1,500)</u>	<u>(1,500)</u>	<u>-</u>
Net changes in fund balance	(15,000)	(15,000)	29,231	44,231
FUND BALANCE, BEGINNING BUDGETARY BASIS	<u>15,000</u>	<u>15,000</u>	<u>40,149</u>	<u>25,149</u>
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,380</u>	<u>\$ 69,380</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, 2016**

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for service	\$ -	\$ -	\$ 203	\$ 203
Interest	75	75	90	15
Total revenues	75	75	293	218
EXPENDITURES:				
Contingency	15,496	13,496	-	13,496
Total expenditures	15,496	13,496	-	13,496
Revenues over (under) expenditures	(15,421)	(13,421)	293	13,714
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(2,000)	(2,000)	-
Total other financing sources (uses)	-	(2,000)	(2,000)	-
Net changes in fund balance	(15,421)	(15,421)	(1,707)	13,714
FUND BALANCE, BEGINNING BUDGETARY BASIS	15,421	15,421	15,707	286
FUND BALANCE, ENDING BUDGETARY BASIS	\$ -	\$ -	\$ 14,000	\$ 14,000

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
- Water Fund
- Nonmajor Proprietary Funds
 - CATV 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, 2016

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for services	\$ 1,620,250	\$ 1,620,250	\$ 1,641,293	\$ 21,043
Interest	1,500	1,500	678	(822)
Miscellaneous	21,000	21,000	15,738	(5,262)
Total revenues	<u>1,642,750</u>	<u>1,642,750</u>	<u>1,657,709</u>	<u>14,959</u>
EXPENDITURES:				
Personnel services	773,303	773,303	657,092	116,211
Materials and service	1,101,342	1,101,342	1,140,138	(38,796) *
Capital outlay	45,000	45,000	6,699	38,301
Debt service:				
Principal	-	13,982	13,981	1
Interest	-	1,542	1,542	-
Contingency	46,899	46,899	-	46,899
Total expenditures	<u>1,966,544</u>	<u>1,982,068</u>	<u>1,819,452</u>	<u>162,616</u>
Revenues over (under) expenditures	<u>(323,794)</u>	<u>(339,318)</u>	<u>(161,743)</u>	<u>177,575</u>
OTHER FINANCING SOURCES (USES):				
Interfund loan proceeds (payments)	2,394	2,394	2,394	-
Loan proceeds	-	-	67,096	67,096
Transfers in	-	15,524	15,524	-
Transfers out	(3,600)	(3,600)	(3,600)	-
Total other financing sources (uses)	<u>(1,206)</u>	<u>14,318</u>	<u>81,414</u>	<u>67,096</u>
Net changes in fund balance	<u>(325,000)</u>	<u>(325,000)</u>	<u>(80,329)</u>	<u>244,671</u>
FUND BALANCE, BEGINNING	<u>325,000</u>	<u>325,000</u>	<u>185,757</u>	<u>(139,243)</u>
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 105,428</u>	<u>\$ 105,428</u>
			<u>Revenues</u>	<u>Expenditures</u>
Total revenue and expenditures above			\$ 1,657,709	\$ 1,819,452
Transfers in/out			11,924	-
Expenditure capitalized			-	(363,394)
Debt service principal payments			-	(13,981)
Depreciation and amortization expense			-	138,021
Net pension activity			-	116,059
Change in compensated absences			-	(851)
Total revenues and expenses - generally accepted accounting principles			<u>\$ 1,669,633</u>	<u>1,695,306</u>
Change in net position				<u>\$ (25,673)</u>

* Budgetary appropriation includes personnel services, materials and services, capital outlay and debt service

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, 2016

	Emergency Services Fund	OIB Fire Hall Debt Fund	Total Emergency Services Operations
REVENUES:			
Charges for service	\$ 155,414	\$ -	\$ 155,414
Interest	182	-	182
Miscellaneous	6,003	-	6,003
	<u>161,599</u>	<u>-</u>	<u>161,599</u>
Total revenues			
EXPENDITURES:			
Personnel services	162,993	-	162,993
Materials and service	92,761	-	92,761
Capital outlay	28,359	-	28,359
	<u>284,113</u>	<u>-</u>	<u>284,113</u>
Total expenditures			
Revenues over (under) expenditures	<u>(122,514)</u>	<u>-</u>	<u>(122,514)</u>
OTHER FINANCING SOURCES (USES):			
Interfund loan proceeds (payments)	(82,349)	-	(82,349)
Transfers in	167,443	-	167,443
Transfers out	-	(40)	(40)
	<u>85,094</u>	<u>(40)</u>	<u>85,054</u>
Total other financing sources (uses)			
Net change in fund balances	(37,420)	(40)	(37,460)
FUND BALANCES, BEGINNING BUDGETARY BASIS	<u>102,237</u>	<u>40</u>	<u>102,277</u>
FUND BALANCES, ENDING BUDGETARY BASIS	<u>\$ 64,817</u>	<u>\$ -</u>	<u>\$ 64,817</u>

	Revenues	Expenditures
Total revenue and expenditures above	\$ 161,599	\$ 284,113
Transfers in/out	167,403	-
Charges for service internal service fund	-	-
Expenditure capitalized	-	(27,333)
Debt service principal payments	-	-
Governmental transfers of assets	-	-
Depreciation and amortization expense	-	80,824
Interest revenue/expense	-	-
Interfund loan proceeds (payments)	-	-
Gain/loss on disposal of capital assets	-	-
Net pension activity	-	11,065
Change in compensated absences	-	(1,012)
	<u>\$ 329,002</u>	<u>347,657</u>
Total revenues and expenses - generally accepted accounting principles		
Change in net position		<u>\$ (18,655)</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, 2016

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for service	\$ 181,575	\$ 181,575	\$ 155,414	\$ (26,161)
Interest	75	75	182	107
Miscellaneous	3,500	3,500	6,003	2,503
Total revenues	185,150	185,150	161,599	(23,551)
EXPENDITURES:				
Personnel services	207,772	207,772	162,993	44,779
Materials and service	98,271	98,271	92,761	5,510
Capital outlay	13,500	30,100	28,359	1,741
Contingency	19,207	9,100	-	9,100
Total expenditures	338,750	345,243	284,113	61,130
Revenues over (under) expenditures	(153,600)	(160,093)	(122,514)	37,579
OTHER FINANCING SOURCES (USES):				
Interfund loan proceeds (payments)	(82,350)	(82,350)	(82,349)	1
Transfers in	160,950	167,443	167,443	-
Total other financing sources (uses)	78,600	85,093	85,094	1
Net changes in fund balance	(75,000)	(75,000)	(37,420)	37,580
FUND BALANCE, BEGINNING	75,000	75,000	102,237	27,237
FUND BALANCE, ENDING	\$ -	\$ -	\$ 64,817	\$ 64,817

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, 2016

	Budget		Actual	Variance with Final Budget
	Original	Final		
OTHER FINANCING SOURCES (USES):				
Transfers out	\$ -	\$ -	\$ (40)	\$ (40) *
Total other financing sources (uses)	-	-	(40)	(40)
Net changes in fund balance	-	-	(40)	(40)
FUND BALANCE, BEGINNING	-	-	40	40
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

* Exception to local budget law

CITY OF CASCADE LOCKS, OREGON
SEWER OPERATIONS COMBINED
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2016

	<u>Sewer Fund</u>	<u>Sewer Bond Fund</u>	<u>Total Sewer Operations</u>
REVENUES:			
Charges for service	\$ 375,235	\$ -	\$ 375,235
Interest	542	365	907
Miscellaneous	<u>30,541</u>	<u>-</u>	<u>30,541</u>
Total revenues	<u>406,318</u>	<u>365</u>	<u>406,683</u>
EXPENDITURES:			
Personnel services	35,190	-	35,190
Materials and service	209,175	-	209,175
Capital outlay	3,500	-	3,500
Debt service:			
Principal	-	44,861	44,861
Interest	<u>-</u>	<u>32,850</u>	<u>32,850</u>
Total expenditures	<u>247,865</u>	<u>77,711</u>	<u>325,576</u>
Revenues over (under) expenditures	<u>158,453</u>	<u>(77,346)</u>	<u>81,107</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	77,711	77,711
Transfers out	<u>(157,711)</u>	<u>-</u>	<u>(157,711)</u>
Total other financing sources (uses)	<u>(157,711)</u>	<u>77,711</u>	<u>(80,000)</u>
Net change in fund balances	742	365	1,107
FUND BALANCES, BEGINNING BUDGETARY BASIS	<u>129,971</u>	<u>61,279</u>	<u>191,250</u>
FUND BALANCES, ENDING BUDGETARY BASIS	<u><u>\$ 130,713</u></u>	<u><u>\$ 61,644</u></u>	<u><u>\$ 192,357</u></u>

	<u>Revenues</u>	<u>Expenditures</u>
Total revenue and expenditures above	\$ 406,683	\$ 325,576
Transfers in/out	-	80,000
Debt service principal payments	-	(44,861)
Depreciation and amortization expense	-	129,914
Interest revenue/expense	-	(460)
Net pension activity	-	12,256
Change in compensated absences	<u>-</u>	<u>151</u>
Total revenues and expenses - generally accepted accounting principles	<u>\$ 406,683</u>	<u>502,576</u>
Change in net position		<u><u>\$ (95,893)</u></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, 2016

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for service	\$ 360,000	\$ 360,000	\$ 375,235	\$ 15,235
Interest	500	500	542	42
Miscellaneous	1,000	1,000	30,541	29,541
Total revenues	361,500	361,500	406,318	44,818
EXPENDITURES:				
Personnel services	28,590	28,590	35,190	(6,600) *
Materials and service	219,325	219,325	209,175	10,150
Capital outlay	12,000	12,000	3,500	8,500
Contingency	44,874	44,874	-	44,874
Total expenditures	304,789	304,789	247,865	56,924
Revenues over (under) expenditures	56,711	56,711	158,453	101,742
OTHER FINANCING SOURCES (USES):				
Transfers out	(157,711)	(157,711)	(157,711)	-
Total other financing sources (uses)	(157,711)	(157,711)	(157,711)	-
Net changes in fund balance	(101,000)	(101,000)	742	101,742
FUND BALANCE, BEGINNING	101,000	101,000	129,971	28,971
FUND BALANCE, ENDING	\$ -	\$ -	\$ 130,713	\$ 130,713

* Budgetary appropriation includes personnel services, materials and services, and capital outlay

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, 2016

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Interest	\$ 290	\$ 290	\$ 365	\$ 75
Total revenues	290	290	365	75
EXPENDITURES:				
Debt service:				
Principal	103,207	103,207	44,861	58,346
Interest	36,070	36,070	32,850	3,220
Total expenditures	139,277	139,277	77,711	61,566
Revenues over (under) expenditures	(138,987)	(138,987)	(77,346)	61,641
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	(61,276)	(61,276)	365	61,641
FUND BALANCE, BEGINNING	61,276	61,276	61,279	3
FUND BALANCE, ENDING	\$ -	\$ -	\$ 61,644	\$ 61,644

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, 2016

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Charges for service	\$ 227,000	\$ 227,600	\$ 264,857	\$ 37,257
Interest	350	350	251	(99)
Miscellaneous	500	500	454	(46)
Total revenues	227,850	228,450	265,562	37,112
EXPENDITURES:				
Personnel services	93,525	93,525	89,112	4,413
Materials and service	3,949,043	3,949,043	328,710	3,620,333
Capital outlay	3,500	3,500	-	3,500
Contingency	38,897	38,897	-	38,897
Total expenditures	4,084,965	4,084,965	417,822	3,667,143
Revenues over (under) expenditures	(3,857,115)	(3,856,515)	(152,260)	3,704,255
OTHER FINANCING SOURCES (USES):				
Loan proceeds	3,764,515	3,764,515	208,181	(3,556,334)
Transfers in	3,600	3,600	3,600	-
Transfers out	(37,000)	(37,600)	(37,500)	100
Total other financing sources (uses)	3,731,115	3,730,515	174,281	(3,556,234)
Net changes in fund balance	(126,000)	(126,000)	22,021	148,021
FUND BALANCE, BEGINNING	126,000	126,000	120,405	(5,595)
FUND BALANCE, ENDING	\$ -	\$ -	\$ 142,426	\$ 142,426

	Revenues	Expenditures
Total revenue and expenditures above	\$ 265,562	\$ 417,822
Transfers in/out		33,900
Expenditure capitalized	-	(9,306)
Depreciation and amortization expense	-	33,348
Net pension activity	-	18,796
Change in compensated absences	-	646
Total revenues and expenses - generally accepted accounting principles	\$ 265,562	495,206
Change in net position		\$ (229,644)

CITY OF CASCADE LOCKS, OREGON
NONMAJOR PROPRIETARY FUNDS COMBINED
STATEMENT OF NET POSITION
June 30, 2016

	Business-Type Activities - Enterprise Funds		
	CATV Fund	Cemetery Fund	Total
ASSETS:			
Cash and cash equivalents	\$ -	\$ 3,423	\$ 3,423
Accounts receivables, net	11,194	-	11,194
Total current assets	11,194	3,423	14,617
Nondepreciable	-	30,817	30,817
Total noncurrent assets	-	30,817	30,817
Total assets	<u>11,194</u>	<u>34,240</u>	<u>45,434</u>
CURRENT LIABILITIES:			
Accounts payable and accrued expenses	\$ 5,183	\$ 192	\$ 5,375
Due to other funds	4,278	-	4,278
Current portion of long-term debt	-	131	131
Total liabilities	<u>9,461</u>	<u>323</u>	<u>9,784</u>
NET POSITION:			
Net investment in capital assets	-	30,817	30,817
Unrestricted	1,733	3,100	4,833
Total net position	<u>1,733</u>	<u>33,917</u>	<u>35,650</u>
Total liabilities & net position	<u>\$ 11,194</u>	<u>\$ 34,240</u>	<u>\$ 45,434</u>

CITY OF CASCADE LOCKS, OREGON
NONMAJOR PROPRIETARY FUNDS COMBINED
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
June 30, 2016

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Total CATV</u>	<u>Total</u>	
	<u>Fund</u>	<u>Cemetery</u>	<u>Total</u>
	<u>Fund</u>	<u>Fund</u>	<u>Total</u>
REVENUES:			
Charges for service	\$ 68,622	\$ 3,073	\$ 71,695
Interest	-	21	21
	<u>68,622</u>	<u>3,094</u>	<u>71,716</u>
EXPENDITURES:			
Personnel services	-	5,122	5,122
Materials and service	68,414	1,687	70,101
	<u>68,414</u>	<u>6,809</u>	<u>75,223</u>
Revenues over (under) expenditures	<u>208</u>	<u>(3,715)</u>	<u>(3,507)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	<u>5,208</u>	<u>2,000</u>	<u>7,208</u>
Total other financing sources (uses)	<u>5,208</u>	<u>2,000</u>	<u>7,208</u>
Net change in fund balances	5,416	(1,715)	3,701
FUND BALANCES, BEGINNING BUDGETARY BASIS	<u>(5,208)</u>	<u>4,846</u>	<u>(362)</u>
FUND BALANCES, ENDING BUDGETARY BASIS	<u>\$ 208</u>	<u>\$ 3,131</u>	<u>\$ 3,339</u>
		<u>Revenues</u>	<u>Expenditures</u>
Total revenue and expenditures above		\$ 71,716	\$ 75,223
Transfers in/out		-	(7,208)
Change in compensated absences		-	32
Total revenues and expenses - generally accepted accounting principles		<u>\$ 71,716</u>	<u>68,047</u>
Change in net position			<u>\$ 3,669</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, 2016

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Charges for service	\$ 66,000	\$ 69,000	\$ 68,622	\$ (378)
Total revenues	66,000	69,000	68,622	(378)
EXPENDITURES:				
Materials and service	66,000	69,000	68,414	586
Total expenditures	66,000	69,000	68,414	586
Revenues over (under) expenditures	-	-	208	208
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	5,208	5,208
Total other financing sources (uses)	-	-	5,208	5,208
Net changes in fund balance	-	-	5,416	5,416
FUND BALANCE, BEGINNING	-	-	(5,208)	(5,208)
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 208</u>	<u>\$ 208</u>

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, 2016

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Charges for service	\$ 2,850	\$ 2,850	\$ 3,073	\$ 223
Interest	25	25	21	(4)
Total revenues	2,875	2,875	3,094	219
EXPENDITURES:				
Personnel services	3,564	5,564	5,122	442
Materials and service	2,550	2,550	1,687	863
Contingency	1,461	1,461	-	1,461
Total expenditures	7,575	9,575	6,809	2,766
Revenues over (under) expenditures	(4,700)	(6,700)	(3,715)	2,985
OTHER FINANCING SOURCES (USES):				
Transfers in	-	2,000	2,000	-
Total other financing sources (uses)	-	2,000	2,000	-
Net changes in fund balance	(4,700)	(4,700)	(1,715)	2,985
FUND BALANCE, BEGINNING	4,700	4,700	4,846	146
FUND BALANCE, ENDING	\$ -	\$ -	\$ 3,131	\$ 3,131

CITY OF CASCADE LOCKS, OREGON
SEWER OPERATIONS
COMPARATIVE BALANCE SHEET
For the Fiscal Year Ended June 30, 2016

	2016	2015
ASSETS:		
Cash and cash equivalents	\$ 110,447	\$ 97,804
Accounts receivables, net	36,278	39,445
Inventories	1,847	1,478
Total current assets	148,572	138,727
Restricted cash	61,945	61,580
Nondepreciable	1,000	1,000
Depreciable, net	3,903,702	4,033,616
Net pension asset	-	10,786
Total noncurrent assets	3,966,647	4,106,982
Total assets	4,115,219	4,245,709
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow related to pension	8,274	3,933
Total deferred outflows of resources	8,274	3,933
Total assets & deferred outflows of resources	\$ 4,123,493	\$ 4,249,642
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 13,929	\$ 4,826
Interest payable	16,720	17,180
Current portion of long-term debt	44,877	43,807
Total current liabilities	75,526	65,813
NONCURRENT LIABILITIES:		
Noncurrent portion of long-term debt	600,645	646,425
	22,181	-
Pension transitional liability	26,036	27,573
Total noncurrent liabilities	648,862	673,998
Total liabilities	724,388	739,811
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow related to pension	5,981	20,814
Total deferred inflows of resources	5,981	20,814
NET POSITION:		
Net investment in capital assets	3,259,790	3,344,843
Restricted for:		
Debt service (expendable)	61,644	61,279
Unrestricted	71,690	82,895
Total net position	3,393,124	3,489,017
Total liabilities & net position	\$ 4,123,493	\$ 4,249,642

CITY OF CASCADE LOCKS, OREGON
SEWER OPERATIONS
COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES
For the Fiscal Year Ended June 30, 2016

	<u>2016</u>	<u>2015</u>
OPERATING REVENUES:		
Charges for service	\$ 375,235	\$ 358,461
Miscellaneous	30,541	10,830
	<u>405,776</u>	<u>369,291</u>
OPERATING EXPENSES:		
Personal services	47,597	17,373
Materials and services	212,675	174,955
Depreciation	129,914	133,597
	<u>390,186</u>	<u>325,925</u>
Total operating expenses	<u>390,186</u>	<u>325,925</u>
Operating income (loss)	15,590	43,366
NON-OPERATING REVENUES (EXPENSES):		
Interest income	907	728
Interest expense	(32,390)	(51,982)
Gain/loss on disposal of capital assets	-	(21)
	<u>(31,483)</u>	<u>(51,275)</u>
Total non-operating revenues (expenses)	<u>(31,483)</u>	<u>(51,275)</u>
Net income (loss) before operating transfers	(15,893)	(7,909)
OPERATING TRANSFERS:		
Transfers in (out)	<u>(80,000)</u>	<u>(63,923)</u>
Net income (loss)	<u>\$ (95,893)</u>	<u>\$ (71,832)</u>

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**REPORTS OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cascade Locks, Oregon (the City), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 17, 2016.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2016-1, that we consider to be significant deficiency.

Compliance and Other Matters

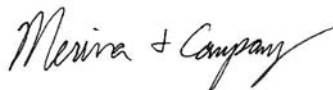
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

The City of Cascade Locks, Oregon's Response to Finding

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Merina & Company, LLP
West Linn, Oregon
February 17, 2016

CITY OF CASCADE LOCKS, OREGON
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2016

Findings 2016-1: During the audit, Merina & Company noted that expenditures and labor associated with capital projects in the electric department are not being tracked. Due to this, we were unable to determine if the full value of asset additions, including labor, have been appropriately added to the City's capital asset listing and reported on the financial statements for the electrical department.

Management's Response and Corrective Action Plan: While this was true during the audit year, management has taken steps to accurately reflect job costs for electric utility projects. Each job is reflected on time sheets to track labor costs. Inventory is assigned to the project and monitored for accuracy. New management understands and accepts this accounting responsibility.

**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, 2016 and have issued our report thereon dated February 2, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

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

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

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

Administrative Rules 162-10-000 through 162-10-330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

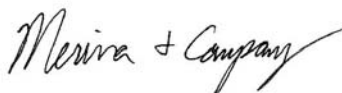
OAR 162-10-0230 Internal Control

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 February 17, 2017, that we consider to be a significant deficiency.

This report is intended solely for the information and use of the Honorable Mayor, 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
February 17, 2017

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