

CITY OF CASCADE LOCKS, OREGON

FINANCIAL STATEMENTS

(WITH SUPPLEMENTAL INFORMATION)

FOR THE FISCAL YEAR ENDED

JUNE 30, 2017

CITY OF CASCADE LOCKS, OREGON
TABLE OF CONTENTS
June 30, 2017

PAGE

INTRODUCTORY SECTION

Officials of the City of Cascade Locks, Oregon i

FINANCIAL SECTION

Independent Auditor’s Report..... 1
Management’s Discussion and Analysis..... 4

Basic Financial Statements.....9

Government-Wide Financial Statements:

Statement of Net Position 10
Statement of Activities..... 11

Fund Financial Statements:..... 12

Governmental Funds:

Balance Sheet 13
Statement of Revenues, Expenditures, and Changes in Fund Balances 14
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities 15

Proprietary Funds:..... 16

Statement of Net Position..... 17
Statement of Revenues, Expenses, and Changes in Net Position..... 18
Statement of Cash Flows 19

Notes to the Basic Financial Statements..... 20

Required Supplementary Information.....43

Budgetary Comparison Schedules:

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

General Fund..... 44
State Tax Street Fund..... 45

Schedule of the Proportionate Share of the Net Pension Liability 46

Schedule of Contributions 47

Notes to the Required Supplementary Information 48

Other Supplementary Information50

Combining Statements:

Non-major Special Revenue Funds Combining Balance Sheet..... 51
Non-major Special Revenue Funds Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances..... 52

Budgetary Comparison Schedules: 53

Governmental Funds:

Schedule of Expenditures – Budget and Actual: General Fund – Budgetary Basis 54

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:

Capital Reserve 08 Fund 55

Non-major Governmental Funds:

System Development Fund 56
Grants Fund 57
Tourism Fund 58
Cemetery Trust Fund..... 59

CITY OF CASCADE LOCKS, OREGON

TABLE OF CONTENTS

June 30, 2017

Enterprise Funds:	60
Electrical Fund	61
Emergency Services Fund.....	62
Sewer Operations Combined.....	63
Sewer Fund.....	64
Sewer Bond Fund	65
Water Fund.....	66
Non-major Propriety Funds Combined	
Statement of Net Position.....	67
Statement of Revenues, Expenses, and Changes in Net Position.....	68
Non-major Enterprise Funds:	
CATV Fund.....	69
Cemetery Fund	70
Comparative Balance Sheet – Sewer Operations.....	71
Comparative Schedule of Revenues and Expenses – Sewer Operations	72

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 <i>Government Auditing Standards</i>	73
Independent Auditor’s Report on Compliance and on Internal Control Over Financial Reporting on an Audit of Financial Statements Performed in Accordance with <i>Oregon State Regulation</i>	75

INTRODUCTORY SECTION

CITY OF CASCADE LOCKS

Names and Addresses of Officers and
Members of the City Council
June 30, 2017

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

Carl Zerfing, Councilmember
P.O. Box 224
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

THIS PAGE INTENTIONALLY LEFT BLANK

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, 2017, 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

The City's 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, 2017, 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 the required supplementary information, such as management's discussion and analysis and schedule of revenues, expenditures and changes in fund balance – budget and actual, as listed in the table of contents under required supplementary information, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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, 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 schedule of revenues, expenditures and changes in fund balance – budget and actual, 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 relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 it.

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 January 19, 2018 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 January 19, 2018, 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.



For Merina & Company, LLP
West Linn, Oregon
January 19, 2018

**City of Cascade Locks
Management's Discussion and Analysis
Fiscal Year 2016/2017**

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, 2017. 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, 2017, by **\$10,876,295** (net position). Of this amount, **\$493,865** is restricted for system/equipment upgrade and replacement, and capital improvement projects, and **\$62,242** is restricted for future years' debt service.

- The total net position decreased by **\$265,579** for FY 16/17, as a result of an increase in liabilities and a decrease in assets.
- As of the close of FY16/17, the City's governmental funds reported combined ending fund balances of **\$1,888,625**.
- The City's total debt decreased by **\$58,476** (9.1%) 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, 2017 is shown here:

Net Position at June 30, 2017:

	FY 16/17			FY 15/16		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Cash and Investments	1,739,620	279,352	2,018,972	1,516,698	250,423	1,767,121
Other Assets	236,089	333,707	569,796	327,464	448,211	775,675
Restricted Cash	-	62,544	62,544	-	61,945	61,945
Deferred Outflows-Pension	315,494	458,675	774,169	73,929	107,482	181,411
Capital Assets	1,029,056	9,260,499	10,289,555	1,075,148	9,434,710	10,509,858
Total Assets and Deferred	3,320,259	10,394,777	13,715,036	2,993,239	10,302,771	13,296,010
Outflows						
Other Liabilities	787,991	1,339,600	2,127,591	429,782	855,171	1,284,953
Deferred Inflows-Pension	9,194	13,367	22,561	53,446	77,701	131,147
Long-term Debt Outstanding	28,560	660,029	688,589	29,441	708,595	738,036
Total Liabilities and Deferred	825,745	2,012,996	2,838,741	512,669	1,641,467	2,154,136
Inflows						
Net Position:						
Net Invested in Capital Assets	1,029,056	8,620,948	9,650,004	847,504	8,789,188	9,636,692
Restricted	493,865	62,242	556,107	334,280	61,644	395,924
Unrestricted	971,593	(301,409)	670,184	1,298,786	(189,528)	1,109,258
Total Net Position	2,494,514	8,381,781	10,876,295	2,480,570	8,661,304	11,141,874
Total Liabilities, Deferred inflows of resources and net position	3,320,259	10,394,777	13,715,036	2,993,239	10,302,771	13,296,010

Governmental Activities

Infrastructure, land, buildings, equipment and other improvements total **\$1,029,056**. Non-land portion of governmental capital assets are now depreciated and the accumulated depreciation at fiscal yearend is **\$1,773,348**. Governmental activity assets, exclusive of capital assets, total **\$2,291,203** compared to total assets of **\$3,320,259** inclusive of capital assets. Excluding compensated absences, the City had no governmental long-term debt June 30, 2017.

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, 2017 total **\$9,260,499**. Accumulated depreciation totals **\$6,515,913**. Business-type assets, exclusive of capital assets, total **\$1,134,278** compared to total assets of **\$10,394,777** inclusive of capital assets. The City had **\$639,551** in long-term business-type debt excluding compensated absences as of June 30, 2017.

Restricted Net Position

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

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2017

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 **\$82,363** from FY 15/16 to FY 16/17, due to an increase in the housing construction market. Governmental Expenses decreased from FY 15/16 by **\$66,850** in FY 16/17 due to decrease in general government spending.

Business-type Activities:

Business-type related revenues, not including transfers between funds, increased from FY 15/16 by **\$265,337** in FY 16/17 due to an increase in customers. Business-type related expenses increased from FY 15/16 by **\$ 146,409** in FY 16/17 due to an increase in electric utilities, EMS and a decrease in water. A large portion of the increased electrical expenditures are due to two issues: we spent about \$175,000 rebuilding the electric system after the snow and ice storm during the winter of 2017 and we wrote off aging, non-functioning transformers for \$152,000 as scrap. This produces an accounting entry on the financial statements that increases cost without an accurate reflection of their true value - \$0.00. We did receive \$22,000 in miscellaneous revenue for the scrapped transformers.

A summary version of the Statement of Activities follows:

Comparison of Statement of Activities for FY16/17 and FY15/16

	FY16/17			FY15/16		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program revenues:						
Charges for services	470,426	2,725,596	3,196,022	364,777	2,508,494	2,873,271
Culture and recreation	68,472	-	68,472	66,011	-	66,011
Operating grants and contributions	66,086	-	66,086	92,794	-	92,794
General revenues:						
Property taxes	224,407	-	224,407	224,848	-	224,848
Taxes/Misc	122,258	100,505	222,763	129,814	52,736	182,550
Loss of disposal of assets	-	-	-	(2,017)	-	(2,017)
Unrestricted investment earnings	15,487	2,505	17,992	8,546	2,039	10,585
Total revenues	967,136	2,828,606	3,795,742	884,773	2,563,269	3,448,042
Expenses:						
General government	442,545	-	442,545	493,274	-	493,274
Public safety	108,381	-	108,381	111,436	-	111,436
Highways and streets	234,415	-	234,415	245,954	-	245,954
Culture and recreation	112,412	-	112,412	113,939	-	113,939
Interest on long -term debt	15,059	-	15,059	15,059	-	15,059
Electric	-	2,058,874	2,058,874	-	1,695,306	1,695,306
Emergency Services	-	367,439	367,439	-	347,657	347,657
Sewer	-	420,733	420,733	-	422,576	422,576
Water	-	234,491	234,491	-	461,306	461,306
Other	-	66,972	66,972	-	75,255	75,255
Total expenses	912,812	3,148,509	4,061,321	979,662	3,002,100	3,981,762
Increase (decrease) in net position before transfers	54,324	(319,903)	(265,579)	(94,889)	(438,831)	(533,720)
Transfers	(40,380)	40,380	-	(72,635)	72,635	-
Increase (decrease) in net position	13,944	(279,523)	(265,579)	(167,524)	(366,196)	(533,720)
Net position - beginning of year	2,480,570	8,661,304	11,141,874	2,648,094	9,027,500	11,675,594
Net position- end of year	2,494,514	8,381,781	10,876,295	2,480,570	8,661,304	11,141,874

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, so far. Utility rate increases will be necessary to replace aging water infrastructure and wastewater infrastructure, and fund economic growth for Cascade Locks.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2017, the City had invested \$10,289,555 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	80,651	1,365,571	1,446,222
Machinery and equipment	76,744	595,585	672,329
Infrastructure	701,896	7,005,979	7,707,875
Infrastructure-Intangibles	-	33,505	33,505
Construction in progress	-	125,932	125,932
Total Assets	1,029,056	9,260,499	10,289,555

Increase/Decrease of Capital Assets between FY16/17 and Prior Fiscal Year FY15/16.

(Net of Depreciation)

	Governmental Activities	Business-Type Activities	Total
Land and other	-	-	-
Buildings and improvements	(7,228)	(32,516)	(39,744)
Machinery and equipment	(15,044)	(43,854)	(58,898)
Infrastructure	(23,820)	264,750	240,930
Infrastructure-Intangibles	-	-	-
Construction in progress	-	(362,591)	(362,591)
Total Assets	(46,092)	(174,211)	(220,303)

Debt Outstanding

As of June 30, 2017, the City had **\$688,619** in debt outstanding, compared to **\$738,036** as of June 30, 2016. As of June 30, 2017, **\$111,628** is due within one year. Of this total debt payments are **\$62,560** and the balance is Compensated Absences in the amount of **\$49,068**.

Outstanding Debt at Year End

	2017	2016
Governmental:		
Compensated Absences	28,590	29,441
Total Governmental	28,590	29,441
Business-Type		
1998 Sewer Bond-USDA Rural	598,155	644,912
Digger Derrick-Electric Dept. Truck	41,396	53,115
Compensated Absences	20,478	10,568
Total Business-Type	660,029	708,595
TOTAL ASSETS	688,619	738,036

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. Housing starts continuing to be strong which will lead to more property taxes to be collected in the future. The City has grown about 8% in housing units over that last two years.

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 continues at 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 Renewal Workshop has doubled their small work force over the last year. The City and the Port continue to actively pursue new businesses for the Business Park. The official population estimate for July 1, 2017, from Portland State University shows an increase of 60 people over the previous year to 1,310.

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 2017-18 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

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, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 1,739,620	\$ 279,352	\$ 2,018,972
Due from other governments	1,388	-	1,388
Accounts receivable	79,711	199,756	279,467
Property taxes receivable	21,274	-	21,274
Internal balances	112,341	(112,341)	-
Prepays	21,375	-	21,375
Inventories	-	246,292	246,292
Total current assets	1,975,709	613,059	2,588,768
Noncurrent assets:			
Restricted cash	-	62,544	62,544
Capital assets:			
Nondepreciable	169,765	293,364	463,129
Depreciable, net	859,291	8,967,135	9,826,426
Total noncurrent assets	1,029,056	9,323,043	10,352,099
Total assets	3,004,765	9,936,102	12,940,867
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow related to pension	315,494	458,675	774,169
Total deferred outflows of resources	315,494	458,675	774,169
Total assets and deferred outflows of resources	\$ 3,320,259	\$ 10,394,777	\$ 13,715,036
LIABILITIES:			
Current liabilities:			
Accounts payable and other current liabilities	\$ 58,748	\$ 108,354	\$ 167,102
Deposits	8,450	129,435	137,885
Interest Payable	-	16,239	16,239
Current portion of long-term debt	28,560	83,038	111,598
Total current liabilities	95,758	337,066	432,824
Noncurrent liabilities:			
Noncurrent portion of long-term obligations	-	576,991	576,991
Net pension liability	535,313	778,256	1,313,569
Pension transitional liability	185,480	307,316	492,796
Total noncurrent liabilities	720,793	1,662,563	2,383,356
Total liabilities	816,551	1,999,629	2,816,180
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow related to pension	9,194	13,367	22,561
Total deferred inflows of resources	9,194	13,367	22,561
NET POSITION:			
Net investment in capital assets	1,029,056	8,620,948	9,650,004
Restricted for:			
Highways and streets	117,597	-	117,597
Cemetery maintenance	11,398	-	11,398
Debt service payments	-	62,242	62,242
System development	280,894	-	280,894
Tourism	83,976	-	83,976
Unrestricted	971,593	(301,409)	670,184
Total net position	2,494,514	8,381,781	10,876,295
Total liabilities, deferred inflows of resources and net position	\$ 3,320,259	\$ 10,394,777	\$ 13,715,036

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, 2017

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	\$ 442,545	\$ 470,426	\$ 66,086	\$ 93,967	\$ -	\$ 93,967
Public safety	108,381	-	-	(108,381)	-	(108,381)
Highways and streets	234,415	-	-	(234,415)	-	(234,415)
Culture and recreation	112,412	68,472	-	(43,940)	-	(43,940)
Interest on long-term debt	15,059	-	-	(15,059)	-	(15,059)
Total governmental activities	912,812	538,898	66,086	(307,828)	-	(307,828)
Business type activities:						
Electrical Fund	2,058,874	1,847,379	-	-	(211,495)	(211,495)
Emergency Services Fund	367,439	134,897	-	-	(232,542)	(232,542)
Sewer Operations	420,733	388,554	-	-	(32,179)	(32,179)
Water Fund	234,491	294,413	-	-	59,922	59,922
Other Enterprise Funds	66,972	60,353	-	-	(6,619)	(6,619)
Total business type activities	3,148,509	2,725,596	-	-	(422,913)	(422,913)
Total government	\$ 4,061,321	\$ 3,264,494	\$ 66,086	(307,828)	(422,913)	(730,741)
General revenues:						
Taxes:						
Property taxes				224,407	-	224,407
Franchise taxes				5,386	-	5,386
Public service taxes and revenue sharing				34,469	-	34,469
State gas tax				74,132	-	74,132
Interest and investment earning				15,487	2,505	17,992
Miscellaneous revenues				8,271	100,505	108,776
Transfers in (out)				(40,380)	40,380	-
Total general revenues and transfers				321,772	143,390	465,162
Change in net position				13,944	(279,523)	(265,579)
Net position - beginning				2,480,570	8,661,304	11,141,874
Net position - ending				\$ 2,494,514	\$ 8,381,781	\$ 10,876,295

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, 2017

	General Fund	State Tax Street Fund	Capital Reserve 08 Fund	Other Governmental	Total Governmental
ASSETS:					
Cash and cash equivalents	\$ 192,541	\$ 111,720	\$ 1,076,909	\$ 358,450	\$ 1,739,620
Due from other governments	1,388	-	-	-	1,388
Accounts receivable	53,262	6,431	-	20,018	79,711
Property taxes receivable	21,274	-	-	-	21,274
Due from other funds	32,426	-	86,291	-	118,717
Prepays	21,375	-	-	-	21,375
Total assets	<u>\$ 322,266</u>	<u>\$ 118,151</u>	<u>\$ 1,163,200</u>	<u>\$ 378,468</u>	<u>\$ 1,982,085</u>
LIABILITIES:					
Accounts payable and other current liabilities	\$ 23,594	\$ 554	\$ 31,150	\$ 3,450	\$ 58,748
Deposits	8,450	-	-	-	8,450
Due to other funds	-	-	-	6,376	6,376
Total liabilities	<u>32,044</u>	<u>554</u>	<u>31,150</u>	<u>9,826</u>	<u>73,574</u>
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - property tax revenue	19,886	-	-	-	19,886
Total deferred inflows of resources	<u>19,886</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,886</u>
FUND BALANCES:					
Nonspendable:					
Prepaid items	21,375	-	-	-	21,375
Restricted for:					
Highways and streets	-	117,597	-	-	117,597
Cemetery maintenance	-	-	-	11,398	11,398
System development	-	-	-	280,894	280,894
Tourism	-	-	-	83,976	83,976
Committed to:					
Capital projects	-	-	1,132,050	-	1,132,050
Unassigned	248,961	-	-	(7,626)	241,335
Total fund balances	<u>270,336</u>	<u>117,597</u>	<u>1,132,050</u>	<u>368,642</u>	<u>1,888,625</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 322,266</u>	<u>\$ 118,151</u>	<u>\$ 1,163,200</u>	<u>\$ 378,468</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.	1,029,056
Pension related changes	(414,493)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	19,886
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>(28,560)</u>
Net position of governmental activities	<u>\$ 2,494,514</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, 2017

	General Fund	State Tax Street Fund	Capital Reserve 08 Fund	Other Governmental	Total Governmental
REVENUES:					
Property taxes	\$ 218,263	\$ -	\$ -	\$ -	\$ 218,263
State gas tax	-	74,132	-	-	74,132
Franchise fees	5,386	-	-	-	5,386
Grants	-	-	-	66,086	66,086
Charges for service	158,374	-	-	60	158,434
Licenses and permits	-	8,750	-	-	8,750
Intergovernmental	34,469	-	-	-	34,469
Fines and forfeitures	75	-	-	-	75
Special assessments	160,059	-	-	68,412	228,471
Interest	2,547	-	9,972	2,968	15,487
Miscellaneous	2,157	1,138	3,777	1,199	8,271
System development charges	-	-	-	143,168	143,168
Total revenues	581,330	84,020	13,749	281,893	960,992
EXPENDITURES:					
Current:					
General government	181,652	-	-	78,711	260,363
Public safety	109,721	-	-	-	109,721
Highways and streets	-	61,032	-	-	61,032
Culture and recreation	66,691	-	-	45,721	112,412
Capital outlay	1,324	-	281,807	-	283,131
Total expenditures	359,388	61,032	281,807	124,432	826,659
Revenues over (under) expenditures	221,942	22,988	(268,058)	157,461	134,333
OTHER FINANCING SOURCES (USES):					
Transfers in	67	-	194,099	-	194,166
Transfers out	(200,990)	(20,704)	(67)	(12,785)	(234,546)
Total other financing sources (uses)	(200,923)	(20,704)	194,032	(12,785)	(40,380)
Net change in fund balances	21,019	2,284	(74,026)	144,676	93,953
FUND BALANCES, BEGINNING	249,317	115,313	1,206,076	223,966	1,794,672
FUND BALANCES, ENDING	\$ 270,336	\$ 117,597	\$ 1,132,050	\$ 368,642	\$ 1,888,625

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, 2017

Amounts reported in the statement of activities are different because:

Net change in fund balances	\$ 93,953
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.	(40,942)
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	<u>(46,092)</u>
	(46,092)
Some revenue reported in the statement of activities do not provide current financial resources in the governmental funds.	6,144
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	881
Change in net position of governmental activities	<u>\$ 13,944</u>

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 Fund

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

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, 2017

	Business-Type Activities - Enterprise Funds					Total
	Electrical Fund	Emergency Services Fund	Sewer Operations	Water Fund	Other Enterprise Funds	
ASSETS:						
Cash and cash equivalents	\$ 154,616	\$ -	\$ 120,450	\$ -	\$ 4,286	\$ 279,352
Accounts receivables, net	124,485	7,700	34,111	28,372	5,088	199,756
Inventories	234,671	-	1,932	9,689	-	246,292
Total current assets	513,772	7,700	156,493	38,061	9,374	725,400
Restricted cash	-	-	62,544	-	-	62,544
Nondepreciable	90,797	93,230	1,000	77,520	30,817	293,364
Depreciable, net	2,868,355	1,624,649	3,774,063	700,068	-	8,967,135
Total noncurrent assets	2,959,152	1,717,879	3,837,607	777,588	30,817	9,323,043
Total assets	3,472,924	1,725,579	3,994,100	815,649	40,191	10,048,443
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflow related to pension	316,902	52,432	35,306	54,035	-	458,675
Total deferred outflows of resources	316,902	52,432	35,306	54,035	-	458,675
Total assets & deferred outflows of resources:	\$ 3,789,826	\$ 1,778,011	\$ 4,029,406	\$ 869,684	\$ 40,191	\$ 10,507,118
CURRENT LIABILITIES:						
Accounts payable and accrued expenses	\$ 77,859	\$ 13,908	\$ 7,109	\$ 5,149	\$ 4,329	\$ 108,354
Deposits	127,720	-	-	1,715	-	129,435
Due to other funds	-	92,702	-	15,733	3,906	112,341
Interest payable	-	-	16,239	-	-	16,239
Current portion of long-term debt	34,098	972	45,772	2,105	91	83,038
Total current liabilities	239,677	107,582	69,120	24,702	8,326	449,407
NONCURRENT LIABILITIES:						
Noncurrent portion of long-term debt	24,066	-	552,925	-	-	576,991
Net pension liability	537,702	88,964	59,907	91,683	-	778,256
Pension transitional liability	180,514	67,464	24,870	34,468	-	307,316
Total noncurrent liabilities	742,282	156,428	637,702	126,151	-	1,662,563
Total liabilities	981,959	264,010	706,822	150,853	8,326	2,111,970
DEFERRED INFLOWS OF RESOURCES						
Deferred inflow related to pension	9,235	1,528	1,029	1,575	-	13,367
Total deferred inflows of resources	9,235	1,528	1,029	1,575	-	13,367
NET POSITION:						
Net investment in capital assets	2,917,756	1,717,879	3,176,908	777,588	30,817	8,620,948
Restricted for:						
Debt service (expendable)	-	-	62,242	-	-	62,242
Unrestricted	(119,124)	(205,406)	82,405	(60,332)	1,048	(301,409)
Total net position	2,798,632	1,512,473	3,321,555	717,256	31,865	8,381,781
Total liabilities & net position	\$ 3,789,826	\$ 1,778,011	\$ 4,029,406	\$ 869,684	\$ 40,191	\$ 10,507,118

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, 2017

Business-Type Activities - Enterprise Funds

	Electrical Fund	Emergency Services Fund	Sewer Operations	Water Fund	Other Enterprise Funds	Total
OPERATING REVENUES:						
Charges for service	\$ 1,847,379	\$ 134,897	\$ 388,554	\$ 294,413	\$ 60,353	\$ 2,725,596
Miscellaneous	37,299	3,864	59,155	187	-	100,505
Total operating revenues	1,884,678	138,761	447,709	294,600	60,353	2,826,101
OPERATING EXPENSES:						
Personnel services	704,853	194,098	43,767	101,355	3,601	1,047,674
Materials and services	1,210,638	94,156	216,854	99,276	63,371	1,684,295
Depreciation	139,579	79,185	129,639	33,860	-	382,263
Total operating expenses	2,055,070	367,439	390,260	234,491	66,972	3,114,232
Operating income (loss)	(170,392)	(228,678)	57,449	60,109	(6,619)	(288,131)
NON-OPERATING REVENUES (EXPENSES):						
Interest income	540	174	1,742	-	49	2,505
Interest expense	(3,804)	-	(30,473)	-	-	(34,277)
Total non-operating revenues (expenses)	(3,264)	174	(28,731)	-	49	(31,772)
Net income (loss) before operating transfers	(173,656)	(228,504)	28,718	60,109	(6,570)	(319,903)
OPERATING TRANSFERS:						
Transfers in (out)	(3,600)	165,990	(100,287)	(24,508)	2,785	40,380
Change in net position	(177,256)	(62,514)	(71,569)	35,601	(3,785)	(279,523)
NET POSITION, BEGINNING	2,975,888	1,574,987	3,393,124	681,655	35,650	8,661,304
NET POSITION, ENDING	<u>\$ 2,798,632</u>	<u>\$ 1,512,473</u>	<u>\$ 3,321,555</u>	<u>\$ 717,256</u>	<u>\$ 31,865</u>	<u>\$ 8,381,781</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, 2017

	Business-Type Activities - Enterprise Funds					Total
	Electrical Fund	Emergency Services Fund	Sewer Operations	Water Fund	Other Enterprise Funds	
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from customers	\$ 1,947,360	\$ 144,565	\$ 449,876	\$ 293,047	\$ 66,459	\$ 2,901,307
Cash paid to employees and others for salaries/benefits	(602,137)	(178,997)	(34,752)	(94,885)	(3,681)	(914,452)
Cash paid to suppliers and others	(1,095,679)	(89,940)	(228,266)	(106,327)	(64,377)	(1,584,589)
Net cash provided (used) by operating activities	249,544	(124,372)	186,858	91,835	(1,599)	402,266
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:						
Payment from (to) other funds	-	-	-	(42,815)	(372)	(43,187)
Transfers in (out)	(3,600)	165,990	(100,287)	(24,508)	2,785	40,380
Net cash provided (used) by non-capital financing activities	(3,600)	165,990	(100,287)	(67,323)	2,413	(2,807)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Purchase of capital assets	(183,540)	-	-	(24,512)	-	(208,052)
Debt principal payments	(11,719)	-	(46,757)	-	-	(58,476)
Interest paid	(3,804)	-	(30,954)	-	-	(34,758)
Proceeds (repayment) of interfund loans	4,788	(75,938)	-	-	-	(71,150)
Net cash provided (used) by capital and related financing activities	(194,275)	(75,938)	(77,711)	(24,512)	-	(372,436)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest received	540	174	1,742	-	49	2,505
Net cash provided (used) by investing activities	540	174	1,742	-	49	2,505
Net increase (decrease) in cash and cash equivalents	52,209	(34,146)	10,602	-	863	29,528
CASH AND CASH EQUIVALENTS, BEGINNING	102,407	34,146	172,392	-	3,423	312,368
CASH AND CASH EQUIVALENTS, ENDING	\$ 154,616	\$ -	\$ 182,994	\$ -	\$ 4,286	\$ 341,896
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES						
Operating income (loss)	\$ (170,392)	\$ (228,678)	\$ 57,449	\$ 60,109	\$ (6,619)	\$ (288,131)
Adjustments						
Depreciation	139,579	79,185	129,639	33,860	-	382,263
Decrease (increase) in:						
Accounts receivable	50,787	5,804	2,167	(153)	6,106	64,711
Inventories	157,259	-	(85)	6,956	-	164,130
Increase (decrease) in:						
Accounts payable and accrued expenses	9,058	11,767	(6,820)	(14,007)	(1,046)	(1,048)
Deposits	11,895	-	-	(1,400)	-	10,495
Pension liability	51,523	8,524	5,742	8,784	-	74,573
Transitional liability	(9,741)	(1,946)	(1,166)	(1,784)	-	(14,637)
Accrued compensated absences	9,576	972	(68)	(530)	(40)	9,910
Net cash provided (used) by operating activities	\$ 249,544	\$ (124,372)	\$ 186,858	\$ 91,835	\$ (1,599)	\$ 402,266

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, 2017

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, 2017

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.

Water Operations: The *water fund* accounts for the activities of the City's water collection 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* 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, 2017

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
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

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
June 30, 2017

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, 2017.

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
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

J. Intangible Capital Assets

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

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

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

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

K. Compensated Absences

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

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

L. Deferred Outflows/ Inflows of Resources

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

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

CITY OF CASCADE LOCKS, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

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 \$556,107 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.

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.

CITY OF CASCADE LOCKS, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

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, 2017 investments included in cash and cash equivalents consist of the following:

	Weighted Average Maturity (Years)	Fair Value
Investments in the State Treasurer’s Local Government Investment Pool	0.00	\$ 1,780,806

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.

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.

CITY OF CASCADE LOCKS, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

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, 2017, the book value of the City's deposits was \$300,963 and the bank balance was \$369,422. As of June 30, 2017, \$119,422 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, 2017

3. Capital Assets

Capital asset activity for the year ended June 30, 2017 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	233,630	-	-	-	233,630
Infrastructure	1,943,847	-	-	-	1,943,847
Machinery & equipment	455,162	-	-	-	455,162
Total capital assets, being depreciated	2,632,639	-	-	-	2,632,639
Less accumulated depreciation for:					
Buildings & improvements	(145,751)	(7,228)	-	-	(152,979)
Infrastructure	(1,218,131)	(23,820)	-	-	(1,241,951)
Machinery & equipment	(363,374)	(15,044)	-	-	(378,418)
Total accumulated depreciation	(1,727,256)	(46,092)	-	-	(1,773,348)
Total capital assets, being depreciated, net	905,383	(46,092)	-	-	859,291
Governmental activities capital assets, net	<u>\$ 1,075,148</u>	<u>\$ (46,092)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,029,056</u>
Governmental Activities					
General government		\$ 16,594			
Streets		29,498			
Total depreciation expense - governmental activities		<u>\$ 46,092</u>			

CITY OF CASCADE LOCKS, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

Business-type Activities	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 133,927	\$ -	\$ -	\$ -	\$ 133,927
Construction in Progress	488,523	67,964	-	(430,555)	125,932
Intangibles	33,505	-	-	-	33,505
 Total capital assets , not being depreciated	 655,955	 67,964	 -	 (430,555)	 293,364
Capital assets, being depreciated:					
Buildings & improvements	1,625,786	-	-	-	1,625,786
Infrastructure	11,669,424	89,347	-	425,555	12,184,326
Machinery & equipment	1,617,195	50,741	-	5,000	1,672,936
 Total capital assets, being depreciated	 14,912,405	 140,088	 -	 430,555	 15,483,048
Less accumulated depreciation for:					
Buildings & improvements	(227,699)	(32,516)	-	-	(260,215)
Infrastructure	(4,928,195)	(250,152)	-	-	(5,178,347)
Machinery & equipment	(977,756)	(99,595)	-	-	(1,077,351)
 Total accumulated depreciation	 (6,133,650)	 (382,263)	 -	 -	 (6,515,913)
 Total capital assets, being depreciated, net	 8,778,755	 (242,175)	 -	 430,555	 8,967,135
 Business-type activities capital assets, net	 \$ 9,434,710	 \$ (174,211)	 \$ -	 \$ -	 \$ 9,260,499
 Business-type activities:					
Water		\$ 33,860			
Sewer		129,639			
Emergency services		79,185			
Electrical		139,579			
Total depreciation expense - business-type activities		<u>\$ 382,263</u>			

CITY OF CASCADE LOCKS, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

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	\$ 67	\$ (200,990)
State Tax Street Fund	-	(20,704)
Capital Reserve 08 Fund	194,099	(67)
Non-Major		
Tourism Fund	-	(10,000)
Cemetery Trust Fund	-	(2,785)
Total Governmental Funds	<u>194,166</u>	<u>(234,546)</u>
Proprietary Funds:		
Major		
Electrical Fund	-	(3,600)
Emergency Services Fund	165,990	-
Sewer Operations	77,711	(177,998)
Water Fund	3,600	(28,108)
Non-Major		
Cemetery Fund	2,785	-
Total Proprietary Funds	<u>250,086</u>	<u>(209,706)</u>
Total all funds	<u>\$ 444,252</u>	<u>\$ (444,252)</u>

5. Interfund Receivables & Payables

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

Interfund balances at June 30, 2017 are as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
Capital Reserve Fund	Emergency Fund	\$ 86,291
General Fund	Emergency Fund	6,411
General Fund	CATV Fund	3,906
General Fund	Grant Fund	6,376
General Fund	Water Fund	15,733
Total		<u>\$ 118,717</u>

CITY OF CASCADE LOCKS, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

6. Long Term Debt

During the year ended June 30, 2017, long-term liability activity was as follows:

	<u>6/30/2016</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/2017</u> <u>Balance</u>	<u>Due in</u> <u>1 Year</u>
Governmental Activities					
Compensated Absences	\$ 29,441	\$ -	\$ 851	\$ 28,590	\$ 28,590
Total Governmental	<u>\$ 29,441</u>	<u>\$ -</u>	<u>\$ 851</u>	<u>\$ 28,590</u>	<u>\$ 28,590</u>
Business-Type Activities					
Enterprise Bonds					
1998 Sewer Bond	\$ 644,912	\$ -	\$ 46,757	\$ 598,155	\$ 45,230
Total Enterprise Bonds	<u>644,912</u>	<u>-</u>	<u>46,757</u>	<u>598,155</u>	<u>45,230</u>
Enterprise Loans/Notes					
Digger Derrick	53,115	-	11,719	41,396	17,330
Total Enterprise Loans	<u>53,115</u>	<u>-</u>	<u>11,719</u>	<u>41,396</u>	<u>17,330</u>
Compensated Absences	10,568	9,910	-	20,478	20,478
Total Enterprise	<u>\$ 708,595</u>	<u>\$ 9,910</u>	<u>\$ 58,476</u>	<u>\$ 660,029</u>	<u>\$ 83,038</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 2017, the remaining balance is as follows:

\$ 41,396

Digger Derrick

	Principal	Interest
2018	\$ 17,330	\$ 814
2019	15,087	436
2020	<u>8,979</u>	<u>76</u>
Total	<u>\$ 41,396</u>	<u>\$ 1,326</u>

B. Bonds Payable

1. Sewer bonds outstanding at June 30, 2017 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%. After payments made in 2017, the remaining balance is as follows:

\$ 598,155

CITY OF CASCADE LOCKS, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

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

1998 Sewer Bond		
June 30:	Principal	Interest
2018	\$ 45,230	\$ 32,477
2019	46,238	31,469
2020	47,295	30,412
2021	48,401	29,306
2022	49,560	28,147
2023-2027	267,208	121,327
2028-2032	94,223	38,276
Total	\$ 598,155	\$ 311,414

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/Financials/Actuarial-Financial-Information.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 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 (COLA) changes. The COLA is capped at 2.0 percent.

2. OPSRP Pension Program (OPSRP DB)

Pension Benefits

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

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

General service: 1.5 percent is multiplied by the number of years of service and the

final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

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

Death Benefits

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

Disability Benefits

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

Benefit Changes After Retirement

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

3. OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits

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

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

Death Benefits

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

CITY OF CASCADE LOCKS, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

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, 2017 were \$119,040, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2017 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, 2017, the City reported a liability of \$1,313,569 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 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, 2017, the City's proportion was 0.00875 percent, which was increased from its proportion of 0.00847 measured as of June 30, 2016.

For the year ended June 30, 2017, the City's recognized pension expense (income) of \$125,867.

At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 43,459	\$ -
Changes of assumptions	280,153	-
Net difference between projected and actual earnings on investments	259,506	-
Changes in proportion	15,019	22,561
Differences between employer contributions and proportionate share of contributions	<u>56,992</u>	<u>-</u>
Total (prior to post-MD contributions)	655,129	22,561
Contributions subsequent to the MD	<u>119,040</u>	<u>-</u>
Total	<u>\$ 774,169</u>	<u>\$ 22,561</u>

CITY OF CASCADE LOCKS, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

\$119,040 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$ 114,809
2019	114,809
2020	209,190
2021	165,591
2022	<u>28,169</u>
Total	<u>\$ 632,568</u>

E. Actuarial assumptions

The employer contribution rates effective July 1, 2015, through June 30, 2017, were set using the entry age normal method.

For the ORS 238 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), and (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

For the ORS 238A OPSRP Pension Program 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 actuarially determined amount for funding a disability benefit component, and (3) 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, 2014 actuarial valuation was determined using the following actuarial assumptions:

CITY OF CASCADE LOCKS, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

Valuation Date	December 31, 2014
Measurement Date	June 30, 2016
Experience Study Report	2014, published September 2015
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.50 percent
Long-Term Expected Rate of Return	7.50 percent
Discount Rate	7.50 percent
Projected Salary Increases	3.50 percent overall payroll growth
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and grade COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision, blend based on service.
Mortality	Health retirees and beneficiaries: RP-2000 sex-distinct, generational per Scale BB, 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 (70% for males, 95% for females) of the RP-2000 sex-distinct, generational per Scale BB, disabled
At its September 25, 2015 meeting, the PERS Board reduced the assumed rate of return on investments from 7.75 percent to 7.5 percent	

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

CITY OF CASCADE LOCKS, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

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	8.00%	4.00%
Short-Term Bonds	8.00%	3.61%
Bank/Leveraged Loans	3.00%	5.42%
High Yield Bonds	1.00%	6.20%
Large/Mid Cap US Equities	15.75%	6.70%
Small Cap US Equities	1.30%	6.99%
Micro Cap US Equities	1.30%	7.01%
Developed Foreign Equities	13.13%	6.73%
Emerging Foreign Equities	4.12%	7.25%
Non-US Small Cap Equities	1.88%	7.22%
Private Equities	17.50%	7.97%
Real Estate (Property)	10.00%	5.84%
Real Estate (REITS)	2.50%	6.69%
Hedge Fund of Funds - Diversified	2.50%	4.64%
Hedge Fund - Event-Driven	0.63%	6.72%
Timber	1.88%	5.85%
Farmland	1.88%	6.37%
Infrastructure	3.75%	7.13%
Commodities	1.88%	4.58%
Total	100.00%	

Assumed Inflation - Mean 2.50%

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

CITY OF CASCADE LOCKS, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

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

	<u>1% Decrease (6.50%)</u>	<u>Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
City's proportionate share of the net pension liability (asset)	\$ 2,120,976	\$ 1,313,569	\$ 638,718

CITY OF CASCADE LOCKS, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

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 \$7,234 payable to the pension plan.

L. Changes in Plan Provisions During the Measurement Period

There were no changes during the June 30, 2016 measurement period that require disclosure.

M. Changes in Plan Provisions Subsequent to Measurement Date

On July 28, 2017, subsequent to the June 30, 2016 measurement date, the OSPERS Board lowered the assumed rate to 7.2 percent. The current assumed rate is 7.5 percent and has been in effect for member transactions since January 1, 2016. The new rate will take effect January 1, 2018. The effect on the City has not been determined.

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 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 0.53% 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 represents 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, 2017, 2016, and 2015 were \$2,975, \$3,567, and \$4,380 respectively which equal the required contributions for that year.

CITY OF CASCADE LOCKS, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

8. Property Tax Calendar

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

9. Risk Management

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

10. Special Item

The City had a special item, transformers that were in the City's inventory are no longer usable due to current regulations. Therefore the City has disposed of \$152,066 of the obsolete transformers in the fiscal year ended June 30, 2017.

11. Deficit Fund Balances

The following funds had deficit fund balances at June 30, 2017. These deficits will be financed through future revenues.

<u>Fund</u>	<u>Amount</u>
Electrical Fund	(\$ 71,362)
Grants Fund	(\$ 7,626)
CATV Fund	(\$ 4,360)

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, 2017

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Property taxes	\$ 205,000	\$ 205,000	\$ 218,263	\$ 13,263
Franchise fees	4,500	4,500	5,386	886
Charges for services	156,425	156,425	158,374	1,949
Intergovernmental	28,150	28,150	34,469	6,319
Fines and forfeitures	150	150	75	(75)
Special assessments	140,000	140,000	160,059	20,059
Interest	700	700	2,547	1,847
Miscellaneous	1,000	1,000	2,157	1,157
Total revenues	535,925	535,925	581,330	45,405
EXPENDITURES:				
General government	246,997	246,997	181,652	65,345
Public safety	112,480	112,180	109,721	2,459
Culture and recreation	117,400	117,700	66,691	51,009
Capital outlay	13,600	13,600	1,324	12,276
Contingency	49,737	49,737	-	49,737
Total expenditures	540,214	540,214	359,388	180,826
Revenues over (under) expenditures	(4,289)	(4,289)	221,942	226,231
OTHER FINANCING SOURCES (USES):				
Interfund loan proceeds (payments)	(2,394)	(2,394)	(4,788)	(2,394)
Transfers in	67	67	67	-
Transfers out	(200,990)	(200,990)	(200,990)	-
Total other financing sources (uses)	(203,317)	(203,317)	(205,711)	(2,394)
Net changes in fund balance	(207,606)	(207,606)	16,231	223,837
FUND BALANCE, BEGINNING BUDGETARY BASIS	210,000	210,000	254,105	44,105
FUND BALANCE, ENDING BUDGETARY BASIS	\$ 2,394	\$ 2,394	270,336	\$ 267,942

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, 2017

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
State gas tax	\$ 70,400	\$ 70,400	\$ 74,132	\$ 3,732
Licenses and permits	500	500	8,750	8,250
Interest	500	500	1,138	638
Total revenues	71,400	71,400	84,020	12,620
EXPENDITURES:				
Personnel services	60,731	60,731	48,899	11,832
Materials and service	22,220	22,220	12,133	10,087
Capital outlay	35,000	35,000	-	35,000
Contingency	80,745	80,745	-	80,745
Total expenditures	198,696	198,696	61,032	137,664
Revenues over (under) expenditures	(127,296)	(127,296)	22,988	150,284
OTHER FINANCING SOURCES (USES):				
Transfers out	(20,704)	(20,704)	(20,704)	-
Total other financing sources (uses)	(20,704)	(20,704)	(20,704)	-
Net changes in fund balance	(148,000)	(148,000)	2,284	150,284
FUND BALANCE, BEGINNING BUDGETARY BASIS	148,000	148,000	115,313	(32,687)
FUND BALANCE, ENDING BUDGETARY BASIS	\$ -	\$ -	\$ 117,597	\$ 117,597

CITY OF CASCADE LOCKS, OREGON
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the Last Four 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
2017	0.00874994%	\$ 1,313,569	\$ 739,513	177.63%	80.53%
2016	0.00847096%	486,357	654,057	74.36%	91.90%
2015	0.01017141%	(230,556)	550,106	-41.91%	103.60%
2014	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 Four 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
2017	\$ 119,040	\$ 119,040	\$ -	\$ 654,654	18.18%
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, 2017

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, 2017. Appropriations lapse as of year-end.

B. Deficit Fund Balances

At June 30, 2017, the following funds had a deficit budgetary basis fund balance:

<u>Fund</u>	<u>Amount</u>
Electrical Fund	\$ 71,362
Grants Fund	\$ 7,626
CATV Fund	\$ 4,360

C. 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. Senate Bill 822 lowered the COLA from 2% to 1.5% for recipients who do not pay Oregon income tax because they are not residents of Oregon.

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.

CITY OF CASCADE LOCKS, OREGON
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2017

D. Changes of Assumptions

Details and a comprehensive list of changes in methods and assumptions can be found in the 2012, 2014, and 2016 Experience Study for the System, which were published on September 18, 2013, September 23, 2015, and July 26, 2017. These reports can be found at:

<http://www.oregon.gov/PERS/Pages/Financials/Actuarial-Presentations-and-Reports.aspx>.

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 Schedules

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, 2017

	System Development Fund	Grants Fund	Tourism Fund	Cemetery Trust Fund	Total
ASSETS					
Cash and cash equivalents	\$ 280,894	\$ -	\$ 66,158	\$ 11,398	\$ 358,450
Accounts receivable	-	-	20,018	-	20,018
Total assets	\$ 280,894	\$ -	\$ 86,176	\$ 11,398	\$ 378,468
LIABILITIES:					
Accounts payable and other current liabilities	\$ -	\$ 1,250	\$ 2,200	\$ -	\$ 3,450
Due to other funds	-	6,376	-	-	6,376
Total liabilities	-	7,626	2,200	-	9,826
FUND BALANCES:					
Restricted for:					
Cemetery maintenance	-	-	-	11,398	11,398
System development	280,894	-	-	-	280,894
Tourism	-	-	83,976	-	83,976
Unassigned	-	(7,626)	-	-	(7,626)
Total fund balances	280,894	(7,626)	83,976	11,398	368,642
Total liabilities and fund balances	\$ 280,894	\$ -	\$ 86,176	\$ 11,398	\$ 378,468

**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, 2017**

	System Development Fund	Grants Fund	Tourism Fund	Cemetery Trust Fund	Total
REVENUES:					
Grants	\$ -	\$ 66,086	\$ -	\$ -	\$ 66,086
Charges for service	-	-	-	60	60
Special assessments	-	-	68,412	-	68,412
Interest	2,139	-	706	123	2,968
Miscellaneous	-	-	1,199	-	1,199
System development charges	143,168	-	-	-	143,168
	<u>145,307</u>	<u>66,086</u>	<u>70,317</u>	<u>183</u>	<u>281,893</u>
Total revenues					
EXPENDITURES:					
General government	-	78,711	-	-	78,711
Culture and recreation	-	-	45,721	-	45,721
	<u>-</u>	<u>78,711</u>	<u>45,721</u>	<u>-</u>	<u>124,432</u>
Total expenditures					
Revenues over (under) expenditures	<u>145,307</u>	<u>(12,625)</u>	<u>24,596</u>	<u>183</u>	<u>157,461</u>
OTHER FINANCING SOURCES (USES):					
Interfund loan proceeds (payments)	-	(65,217)	-	-	(65,217)
Transfers out	-	-	(10,000)	(2,785)	(12,785)
	<u>-</u>	<u>(65,217)</u>	<u>(10,000)</u>	<u>(2,785)</u>	<u>(78,002)</u>
Total other financing sources (uses)					
Net change in fund balances	145,307	(77,842)	14,596	(2,602)	79,459
FUND BALANCE, BEGINNING GAAP	<u>135,587</u>	<u>70,216</u>	<u>69,380</u>	<u>14,000</u>	<u>289,183</u>
FUND BALANCE, ENDING GAAP	<u>\$ 280,894</u>	<u>\$ (7,626)</u>	<u>\$ 83,976</u>	<u>\$ 11,398</u>	<u>\$ 368,642</u>

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, 2017

	Budget		Actual	Variance with Final Budget
	Original	Final		
Administrative:				
Personnel services	\$ 171,325	\$ 171,325	\$ 169,974	\$ 1,351
Materials and services	43,172	43,172	-	43,172
Capital outlay	12,000	12,000	391	11,609
Subtotal	226,497	226,497	170,365	56,132
Planning:				
Materials and services	32,500	32,500	11,678	20,822
Subtotal	32,500	32,500	11,678	20,822
Agency:				
Materials and services	8,966	8,666	6,207	2,459
Capital outlay	1,600	1,600	933	667
Subtotal	10,566	10,266	7,140	3,126
Property:				
Personnel services	84,310	84,310	46,775	37,535
Materials and services	21,560	21,560	8,745	12,815
Subtotal	105,870	105,870	55,520	50,350
Police:				
Materials and services	103,514	103,514	103,514	-
Subtotal	103,514	103,514	103,514	-
Museum:				
Materials and services	1,700	2,000	1,900	100
Subtotal	1,700	2,000	1,900	100
Community relations:				
Materials and services	9,830	9,830	9,271	559
Subtotal	9,830	9,830	9,271	559
Total expenditures	\$ 490,477	\$ 490,477	\$ 359,388	\$ 131,089

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, 2017

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Interest	\$ 2,500	\$ 2,500	\$ 9,972	\$ 7,472
Miscellaneous	-	-	3,777	3,777
Total revenues	2,500	2,500	13,749	11,249
EXPENDITURES:				
Capital outlay	1,257,872	1,257,872	281,807	976,065
Total expenditures	1,257,872	1,257,872	281,807	976,065
Revenues over (under) expenditures	(1,255,372)	(1,255,372)	(268,058)	987,314
OTHER FINANCING SOURCES (USES):				
Interfund loan proceeds (payments)	147,568	147,568	147,566	(2)
Transfers in	202,491	202,491	194,099	(8,392)
Transfers out	(50,067)	(50,067)	(67)	50,000
Total other financing sources (uses)	299,992	299,992	341,598	41,606
Net changes in fund balance	(955,380)	(955,380)	73,540	1,028,920
FUND BALANCE, BEGINNING BUDGETARY BASIS	<u>955,380</u>	<u>955,380</u>	<u>972,219</u>	<u>16,839</u>
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	1,045,759	<u>\$ 1,045,759</u>
INTERFUND LOAN RECEIVABLE			<u>86,291</u>	
FUND BALANCE, ENDING GAAP			<u>\$ 1,132,050</u>	

**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, 2017**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Interest	\$ 450	\$ 450	\$ 2,139	\$ 1,689
System development charges	-	-	143,168	143,168
Total revenues	450	450	145,307	144,857
EXPENDITURES:				
Capital outlay	113,228	113,228	-	113,228
Total expenditures	113,228	113,228	-	113,228
Net changes in fund balances	(112,778)	(112,778)	145,307	258,085
FUND BALANCE, BEGINNING BUDGETARY BASIS	112,778	112,778	135,587	22,809
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 280,894</u>	<u>\$ 280,894</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, 2017

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Grants	\$ 280,000	\$ 280,000	\$ 66,086	\$ (213,914)
Total revenues	280,000	280,000	66,086	(213,914)
EXPENDITURES:				
Materials and service	330,000	330,000	78,711	251,289
Total expenditures	330,000	330,000	78,711	251,289
Revenues over (under) expenditures	(50,000)	(50,000)	(12,625)	37,375
OTHER FINANCING SOURCES (USES):				
Interfund loan proceeds (payments)	(65,218)	(65,218)	(65,217)	1
Transfers in	50,000	50,000	-	(50,000)
Total other financing sources (uses)	(15,218)	(15,218)	(65,217)	(49,999)
Net changes in fund balance	(65,218)	(65,218)	(77,842)	(12,624)
FUND BALANCE, BEGINNING BUDGETARY BASIS	65,218	65,218	70,216	4,998
FUND BALANCE, ENDING BUDGETARY BASIS	\$ -	\$ -	\$ (7,626)	\$ (7,626)

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, 2017

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Special assessments	\$ 60,000	\$ 60,000	\$ 68,412	\$ 8,412
Interest	200	200	706	506
Miscellaneous	1,440	1,440	1,199	(241)
Total revenues	<u>61,640</u>	<u>61,640</u>	<u>70,317</u>	<u>8,677</u>
EXPENDITURES:				
Materials and service	65,820	65,820	45,721	20,099
Contingency	45,820	45,820	-	45,820
Total expenditures	<u>111,640</u>	<u>111,640</u>	<u>45,721</u>	<u>65,919</u>
Revenues over (under) expenditures	<u>(50,000)</u>	<u>(50,000)</u>	<u>24,596</u>	<u>74,596</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(10,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(10,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
Net changes in fund balance	(60,000)	(60,000)	14,596	74,596
FUND BALANCE, BEGINNING BUDGETARY BASIS	<u>60,000</u>	<u>60,000</u>	<u>69,380</u>	<u>9,380</u>
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83,976</u>	<u>\$ 83,976</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, 2017**

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for service	\$ -	\$ -	\$ 60	\$ 60
Interest	-	-	123	123
Total revenues	-	-	183	183
EXPENDITURES:				
Capital outlay	11,182	11,182	-	11,182
Total expenditures	11,182	11,182	-	11,182
Revenues over (under) expenditures	(11,182)	(11,182)	183	11,365
OTHER FINANCING SOURCES (USES):				
Transfers out	(2,785)	(2,785)	(2,785)	-
Total other financing sources (uses)	(2,785)	(2,785)	(2,785)	-
Net changes in fund balance	(13,967)	(13,967)	(2,602)	11,365
FUND BALANCE, BEGINNING BUDGETARY BASIS	13,967	13,967	14,000	33
FUND BALANCE, ENDING BUDGETARY BASIS	\$ -	\$ -	\$ 11,398	\$ 11,398

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 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, 2017

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for services	\$ 1,674,750	\$ 1,674,750	\$ 1,847,379	\$ 172,629
Interest	1,000	1,000	540	(460)
Miscellaneous	20,000	20,000	37,299	17,299
Total revenues	<u>1,695,750</u>	<u>1,695,750</u>	<u>1,885,218</u>	<u>189,468</u>
EXPENDITURES:				
Personnel services	688,216	688,216	653,495	34,721
Materials and service	1,147,869	1,147,869	1,210,282	(62,413) *
Capital outlay	35,500	35,500	31,830	3,670
Debt service:				
Principal	13,952	13,952	11,719	2,233
Interest	1,572	1,572	3,804	(2,232) *
Contingency	47,959	47,959	-	47,959
Total expenditures	<u>1,935,068</u>	<u>1,935,068</u>	<u>1,911,130</u>	<u>23,938</u>
Revenues over (under) expenditures	<u>(239,318)</u>	<u>(239,318)</u>	<u>(25,912)</u>	<u>213,406</u>
OTHER FINANCING SOURCES (USES):				
Interfund loan proceeds (payments)	2,394	2,394	4,788	2,394
Transfers in	15,524	15,524	-	(15,524)
Transfers out	(3,600)	(3,600)	(3,600)	-
Total other financing sources (uses)	<u>14,318</u>	<u>14,318</u>	<u>1,188</u>	<u>(13,130)</u>
SPECIAL ITEM GAIN (LOSS)				
Disposal of inventory items not up to code	-	-	(152,066)	(152,066)
Total special item gain (loss)	-	-	(152,066)	(152,066)
Net changes in fund balance	(225,000)	(225,000)	(176,790)	48,210
FUND BALANCE, BEGINNING	<u>225,000</u>	<u>225,000</u>	<u>105,428</u>	<u>(119,572)</u>
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (71,362)</u>	<u>\$ (71,362)</u>
			<u>Revenues</u>	<u>Expenditures</u>
Total revenue and expenditures above			\$ 1,885,218	\$ 1,911,130
Transfers in/out			-	3,600
Special item gain (loss)			-	152,066
Expenditure capitalized			-	(183,540)
Debt service principal payments			-	(11,719)
Depreciation and amortization expense			-	139,579
Net pension activity			-	41,782
Change in compensated absences			-	9,576
Total revenues and expenses - generally accepted accounting principles			<u>\$ 1,885,218</u>	<u>2,062,474</u>
Change in net position				<u>\$ (177,256)</u>

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

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, 2017

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for service	\$ 181,500	\$ 181,500	\$ 134,897	\$ (46,603)
Interest	75	75	174	99
Miscellaneous	3,500	3,500	3,864	364
Total revenues	185,075	185,075	138,935	(46,140)
EXPENDITURES:				
Personnel services	218,244	218,244	186,547	31,697
Materials and service	98,208	98,208	77,826	20,382
Capital outlay	39,000	39,000	16,330	22,670
Contingency	10,263	10,263	-	10,263
Total expenditures	365,715	365,715	280,703	85,012
Revenues over (under) expenditures	(180,640)	(180,640)	(141,768)	38,872
OTHER FINANCING SOURCES (USES):				
Interfund loan proceeds (payments)	(82,350)	(82,350)	(82,349)	1
Transfers in	165,990	165,990	165,990	-
Total other financing sources (uses)	83,640	83,640	83,641	1
Net changes in fund balance	(97,000)	(97,000)	(58,127)	38,873
FUND BALANCE, BEGINNING	97,000	97,000	64,817	(32,183)
FUND BALANCE, ENDING	\$ -	\$ -	\$ 6,690	\$ 6,690

	Revenues	Expenditures
Total revenue and expenditures above	\$ 138,935	\$ 280,703
Transfers in/out	165,990	-
Depreciation and amortization expense	-	79,185
Net pension activity	-	6,579
Change in compensated absences	-	972
Total revenues and expenses - generally accepted accounting principles	\$ 304,925	367,439
Change in net position		\$ (62,514)

CITY OF CASCADE LOCKS, OREGON
SEWER OPERATIONS COMBINED
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2017

	<u>Sewer Fund</u>	<u>Sewer Bond Fund</u>	<u>Total Sewer Operations</u>
REVENUES:			
Charges for service	\$ 388,554	\$ -	\$ 388,554
Interest	1,144	598	1,742
Miscellaneous	59,155	-	59,155
	<u>448,853</u>	<u>598</u>	<u>449,451</u>
EXPENDITURES:			
Personnel services	39,260	-	39,260
Materials and service	212,119	-	212,119
Capital outlay	4,735	-	4,735
Debt service:			
Principal	-	46,757	46,757
Interest	-	30,954	30,954
	<u>256,114</u>	<u>77,711</u>	<u>333,825</u>
Total expenditures	<u>256,114</u>	<u>77,711</u>	<u>333,825</u>
Revenues over (under) expenditures	<u>192,739</u>	<u>(77,113)</u>	<u>115,626</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	77,711	77,711
Transfers out	(177,998)	-	(177,998)
	<u>(177,998)</u>	<u>77,711</u>	<u>(100,287)</u>
Total other financing sources (uses)	<u>(177,998)</u>	<u>77,711</u>	<u>(100,287)</u>
Net change in fund balances	14,741	598	15,339
FUND BALANCES, BEGINNING BUDGETARY BASIS	<u>130,713</u>	<u>61,644</u>	<u>192,357</u>
FUND BALANCES, ENDING BUDGETARY BASIS	<u>\$ 145,454</u>	<u>\$ 62,242</u>	<u>\$ 207,696</u>

	<u>Revenues</u>	<u>Expenditures</u>
Total revenue and expenditures above	\$ 449,451	\$ 333,825
Transfers in/out	-	100,287
Debt service principal payments	-	(46,757)
Depreciation and amortization expense	-	129,639
Interest revenue/expense	-	(481)
Net pension activity	-	4,575
Change in compensated absences	-	(68)
	<u>\$ 449,451</u>	<u>521,020</u>
Total revenues and expenses - generally accepted accounting principles	<u>\$ 449,451</u>	<u>521,020</u>
Change in net position		<u>\$ (71,569)</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, 2017

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for service	\$ 370,000	\$ 370,000	\$ 388,554	\$ 18,554
Interest	550	550	1,144	594
Miscellaneous	1,000	1,000	59,155	58,155
Total revenues	<u>371,550</u>	<u>371,550</u>	<u>448,853</u>	<u>77,303</u>
EXPENDITURES:				
Personnel services	34,320	34,320	39,260	(4,940) *
Materials and service	218,779	218,779	212,119	6,660
Capital outlay	13,000	13,000	4,735	8,265
Contingency	75,453	75,453	-	75,453
Total expenditures	<u>341,552</u>	<u>341,552</u>	<u>256,114</u>	<u>85,438</u>
Revenues over (under) expenditures	<u>29,998</u>	<u>29,998</u>	<u>192,739</u>	<u>162,741</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(177,998)</u>	<u>(177,998)</u>	<u>(177,998)</u>	<u>-</u>
Total other financing sources (uses)	<u>(177,998)</u>	<u>(177,998)</u>	<u>(177,998)</u>	<u>-</u>
Net changes in fund balance	(148,000)	(148,000)	14,741	162,741
FUND BALANCE, BEGINNING	<u>148,000</u>	<u>148,000</u>	<u>130,713</u>	<u>(17,287)</u>
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 145,454</u>	<u>\$ 145,454</u>

* 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, 2017

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Interest	\$ 290	\$ 290	\$ 598	\$ 308
Total revenues	290	290	598	308
EXPENDITURES:				
Debt service:				
Principal	104,339	104,339	46,757	57,582
Interest	35,232	35,232	30,954	4,278
Total expenditures	139,571	139,571	77,711	61,860
Revenues over (under) expenditures	(139,281)	(139,281)	(77,113)	62,168
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	(61,570)	(61,570)	598	62,168
FUND BALANCE, BEGINNING	61,570	61,570	61,644	74
FUND BALANCE, ENDING	\$ -	\$ -	\$ 62,242	\$ 62,242

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, 2017

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Charges for service	\$ 229,500	\$ 229,500	\$ 294,413	\$ 64,913
Interest	350	350	-	(350)
Miscellaneous	500	500	187	(313)
Total revenues	230,350	230,350	294,600	64,250
EXPENDITURES:				
Personnel services	106,187	106,187	92,879	13,308
Materials and service	3,958,613	3,958,613	123,788	3,834,825
Capital outlay	2,500	2,500	2,005	495
Contingency	29,665	29,665	-	29,665
Total expenditures	4,096,965	4,096,965	218,672	3,878,293
Revenues over (under) expenditures	(3,866,615)	(3,866,615)	75,928	3,942,543
OTHER FINANCING SOURCES (USES):				
Loan proceeds	3,764,515	3,764,515	-	(3,764,515)
Transfers in	3,600	3,600	3,600	-
Transfers out	(36,500)	(36,500)	(28,108)	8,392
Total other financing sources (uses)	3,731,615	3,731,615	(24,508)	(3,756,123)
Net changes in fund balance	(135,000)	(135,000)	51,420	186,420
FUND BALANCE, BEGINNING	135,000	135,000	142,426	7,426
FUND BALANCE, ENDING	\$ -	\$ -	\$ 193,846	\$ 193,846
			Revenues	Expenditures
Total revenue and expenditures above			\$ 294,600	\$ 218,672
Transfers in/out			-	24,508
Expenditure capitalized			-	(24,512)
Depreciation and amortization expense			-	33,860
Net pension activity			-	7,001
Change in compensated absences			-	(530)
Total revenues and expenses - generally accepted accounting principles			\$ 294,600	258,999
Change in net position				\$ 35,601

CITY OF CASCADE LOCKS, OREGON
NONMAJOR PROPRIETARY FUNDS COMBINED
STATEMENT OF NET POSITION
June 30, 2017

	Business-Type Activities - Enterprise Funds		
	CATV Fund	Cemetery Fund	Total
ASSETS:			
Cash and cash equivalents	\$ -	\$ 4,286	\$ 4,286
Accounts receivables, net	5,088	-	5,088
 Total current assets	 5,088	 4,286	 9,374
 Nondepreciable	 -	 30,817	 30,817
 Total noncurrent assets	 -	 30,817	 30,817
 Total assets	 5,088	 35,103	 40,191
CURRENT LIABILITIES:			
Accounts payable and accrued expenses	\$ 4,016	\$ 313	\$ 4,329
Due to other funds	3,906	-	3,906
Current portion of long-term debt	-	91	91
 Total liabilities	 7,922	 404	 8,326
NET POSITION:			
Net investment in capital assets	-	30,817	30,817
Unrestricted	(2,834)	3,882	1,048
 Total net position	 (2,834)	 34,699	 31,865
 Total liabilities & net position	 \$ 5,088	 \$ 35,103	 \$ 40,191

CITY OF CASCADE LOCKS, OREGON
NONMAJOR PROPRIETARY FUNDS COMBINED
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
June 30, 2017

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Total CATV Fund</u>	<u>Total Cemetery Fund</u>	<u>Total</u>
REVENUES:			
Charges for service	\$ 57,438	\$ 2,915	\$ 60,353
Interest	-	49	49
Total revenues	<u>57,438</u>	<u>2,964</u>	<u>60,402</u>
EXPENDITURES:			
Personnel services	-	3,641	3,641
Materials and service	62,006	1,365	63,371
Total expenditures	<u>62,006</u>	<u>5,006</u>	<u>67,012</u>
Revenues over (under) expenditures	<u>(4,568)</u>	<u>(2,042)</u>	<u>(6,610)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	2,785	2,785
Total other financing sources (uses)	<u>-</u>	<u>2,785</u>	<u>2,785</u>
Net change in fund balances	(4,568)	743	(3,825)
FUND BALANCES, BEGINNING BUDGETARY BASIS	<u>208</u>	<u>3,131</u>	<u>3,339</u>
FUND BALANCES, ENDING BUDGETARY BASIS	<u>\$ (4,360)</u>	<u>\$ 3,874</u>	<u>\$ (486)</u>
		<u>Revenues</u>	<u>Expenditures</u>
Total revenue and expenditures above		\$ 60,402	\$ 67,012
Transfers in/out		2,785	-
Change in compensated absences		-	(40)
Total revenues and expenses - generally accepted accounting principles		<u>\$ 63,187</u>	<u>66,972</u>
Change in net position			<u>\$ (3,785)</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, 2017

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Charges for service	\$ 66,000	\$ 66,000	\$ 57,438	\$ (8,562)
Total revenues	66,000	66,000	57,438	(8,562)
EXPENDITURES:				
Materials and service	66,000	66,000	62,006	3,994
Total expenditures	66,000	66,000	62,006	3,994
Net changes in fund balance	-	-	(4,568)	(4,568)
FUND BALANCE, BEGINNING	-	-	208	208
FUND BALANCE, ENDING	\$ -	\$ -	\$ (4,360)	\$ (4,360)

**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, 2017**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Charges for service	\$ 2,700	\$ 2,700	\$ 2,915	\$ 215
Interest	25	25	49	24
Total revenues	<u>2,725</u>	<u>2,725</u>	<u>2,964</u>	<u>239</u>
EXPENDITURES:				
Personnel services	5,833	5,833	3,641	2,192
Materials and service	<u>2,177</u>	<u>2,177</u>	<u>1,365</u>	<u>812</u>
Total expenditures	<u>8,010</u>	<u>8,010</u>	<u>5,006</u>	<u>3,004</u>
Revenues over (under) expenditures	(5,285)	(5,285)	(2,042)	3,243
OTHER FINANCING SOURCES (USES):				
Transfers in	<u>2,785</u>	<u>2,785</u>	<u>2,785</u>	<u>-</u>
Total other financing sources (uses)	<u>2,785</u>	<u>2,785</u>	<u>2,785</u>	<u>-</u>
Net changes in fund balance	(2,500)	(2,500)	743	3,243
FUND BALANCE, BEGINNING	<u>2,500</u>	<u>2,500</u>	<u>3,131</u>	<u>631</u>
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,874</u>	<u>\$ 3,874</u>

CITY OF CASCADE LOCKS, OREGON
SEWER OPERATIONS
COMPARATIVE BALANCE SHEET
For the Fiscal Year Ended June 30, 2017

	<u>2017</u>	<u>2016</u>
ASSETS:		
Cash and cash equivalents	\$ 120,450	\$ 110,447
Accounts receivables, net	34,111	36,278
Inventories	1,932	1,847
Total current assets	<u>156,493</u>	<u>148,572</u>
Restricted cash	62,544	61,945
Nondepreciable	1,000	1,000
Depreciable, net	3,774,063	3,903,702
Total noncurrent assets	<u>3,837,607</u>	<u>3,966,647</u>
Total assets	<u>3,994,100</u>	<u>4,115,219</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow related to pension	<u>35,306</u>	<u>8,274</u>
Total deferred outflows of resources	<u>35,306</u>	<u>8,274</u>
Total assets & deferred outflows of resources	<u>\$ 4,029,406</u>	<u>\$ 4,123,493</u>
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 7,109	\$ 13,929
Interest payable	16,239	16,720
Current portion of long-term debt	45,772	44,877
Total current liabilities	<u>69,120</u>	<u>75,526</u>
NONCURRENT LIABILITIES:		
Noncurrent portion of long-term debt	552,925	600,645
Net pension liability	59,907	22,181
Pension transitional liability	24,870	26,036
Total noncurrent liabilities	<u>637,702</u>	<u>648,862</u>
Total liabilities	<u>706,822</u>	<u>724,388</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow related to pension	<u>1,029</u>	<u>5,981</u>
Total deferred inflows of resources	<u>1,029</u>	<u>5,981</u>
NET POSITION:		
Net investment in capital assets	3,176,908	3,259,790
Restricted for:		
Debt service (expendable)	62,242	61,644
Unrestricted	82,405	71,690
Total net position	<u>3,321,555</u>	<u>3,393,124</u>
Total liabilities & net position	<u>\$ 4,029,406</u>	<u>\$ 4,123,493</u>

CITY OF CASCADE LOCKS, OREGON
SEWER OPERATIONS
COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES
For the Fiscal Year Ended June 30, 2017

	<u>2017</u>	<u>2016</u>
OPERATING REVENUES:		
Charges for service	\$ 388,554	\$ 375,235
Miscellaneous	59,155	30,541
	<u>447,709</u>	<u>405,776</u>
OPERATING EXPENSES:		
Personal services	43,767	47,597
Materials and services	216,854	212,675
Depreciation	129,639	129,914
	<u>390,260</u>	<u>390,186</u>
Total operating expenses	390,260	390,186
Operating income (loss)	57,449	15,590
NON-OPERATING REVENUES (EXPENSES):		
Grants		
Interest income	1,742	907
Interest expense	(30,473)	(32,390)
	<u>(28,731)</u>	<u>(31,483)</u>
Total non-operating revenues (expenses)	(28,731)	(31,483)
Net income (loss) before operating transfers	28,718	(15,893)
OPERATING TRANSFERS:		
Transfers in (out)	(100,287)	(80,000)
Net income (loss)	<u>\$ (71,569)</u>	<u>\$ (95,893)</u>

**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***

Honorable Mayor and City Council
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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 19, 2018.

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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

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.



For Merina & Company, LLP
West Linn, Oregon
January 19, 2018

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH OREGON STATE REGULATION**

Honorable Mayor and City Council
City of Cascade Locks, Oregon

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, 2017 and have issued our report thereon dated January 19, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minimum Standards of Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State 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 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:

- 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.

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. 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* Except as Follows:

At June 30, 2017, the following funds had a deficit budgetary basis fund balance:

<u>Fund</u>	<u>Amount</u>
Electrical Fund	(\$71,362)
CATV Fund	(\$4,360)
Grants Fund	(\$7,626)

OAR 162-10-0230 Internal Control

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 *Minimum Standards of Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



For Merina & Company, LLP
West Linn, Oregon
January 19, 2018