

CITY OF IRRIGON, OREGON

AUDIT REPORT

JUNE 30, 2015

CITY OF IRRIGON, OREGON
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INTRODUCTORY SECTION

CITY OF IRRIGON, OREGON
City Officials

Mayor

Term Expires

Sam Heath	December 31, 2016	Irrigon, Oregon
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Council Members

Term Expires

Kenneth Matlack	December 31, 2016	Irrigon, Oregon
Michelle Hagen	December 31, 2018	Irrigon, Oregon
Daren Strong	December 31, 2016	Irrigon, Oregon
Margaret Anderson	December 31, 2018	Irrigon, Oregon
Christine Sorenson	December 31, 2016	Irrigon, Oregon
Martin Brown	December 31, 2019	Irrigon, Oregon

Recorder-Administrator

Aaron Palmquist		Irrigon, Oregon
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City Attorney

William J. Kuhn		Heppner, Oregon
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FINANCIAL SECTION

LEWIS, POE, MOELLER, GUNDERSON & ROBERTS, LLC

CERTIFIED PUBLIC ACCOUNTANTS

1121 ADAMS AVENUE • P.O. BOX 1024

LA GRANDE, OREGON 97850-1024

Independent Auditor's Report

Mayor and City Council
City of Irrigon, 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 City of Irrigon, Oregon, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 of Irrigon, Oregon, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding New Accounting Policy

As described in Note 1, during the year ended June 30, 2015, the City adopted the provisions of Governmental Accounting Standards Board Statements No. 68, *Accounting and Financial Reporting for Pensions* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison 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 in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the management's discussion and analysis because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Irrigon, Oregon's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and other financial schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and other financial schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and other financial schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15th, 2015, on our consideration of the City of Irrigon, Oregon's internal control over financial reporting and on our tests of its compliance with certain provision 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 City of Irrigon, Oregon's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated October 15th, 2015, on our consideration of City of Irrigon'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.

LEWIS, POE, MOELLER, GUNDERSON & ROBERTS, LLC
Certified Public Accountants

By Michael R. Poe
Michael R. Poe, CPA
Owner/Member

La Grande, Oregon
October 15th, 2015

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**MANAGEMENT'S
DISCUSSION AND ANALYSIS**



CITY OF IRRIGON

AN EQUAL OPPORTUNITY PROVIDER

Management's Discussion and Analysis

Our discussion and analysis of City of Irrigon's financial performance provides an overview of the city's financial activities for the fiscal year ended June 30, 2015. Please read it in conjunction with the city's financial statements, which begin on page 9.

Financial Highlights

- Net position from governmental activities increased \$54,295 or approximately 1.6%
- Net position from business-type activities increased \$151,813 or approximately 1.9%

Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

Using This Annual Report

This annual report consists of a series of financial statements. The government-wide financial statements start on page 9 and are designed to provide readers with a broad overview of the city's finances in a manner similar to a private-sector business. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when related cash flows take place. On an accrual basis, revenue from property taxes are recognized in the fiscal year for which the taxes are levied and revenue from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. The statement of net position presents financial information on all of the city's assets, liabilities, and deferred inflows/outflows of resources with the difference reported as net position. Over time increases or decreases in net position may serve as a useful indicator of whether the financial position of the city is improving or deteriorating. The statement of activities presents information showing how the city's net position has changed in the fiscal year. All changes are reported as soon as the underlying event giving rise to the event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods such as uncollected taxes and earned but unused vacation leave.

The city, like other states and governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements provide information about the city's individual funds. A fund is a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances that are separate for the purpose of carrying on specific activities or attaining certain objectives.

The City of Irrigon uses two types of funds- Governmental Funds and Proprietary Funds. Governmental Funds are used to account for the general operations of a government. Proprietary Funds are used to account for the business-type operations of a government such as the water and sewer funds.

The City has implemented GASB statement No. 68, Accounting and Financial Reporting for Pensions, and No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date.

The City as a Whole

The City's total assets exceeded total liabilities by \$11,528,596 at the end of the 2014-2015 fiscal year. This is an increase of \$206,738 or approximately 1.8% from the previous fiscal year's amount of \$11,321,858 as demonstrated in the table below comparing net position between fiscal year 2014-2015 and fiscal year 2013-2014.

Statement of Net Position

<u>Assets</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Activities</u>	
	2014-2015	2013-2014	2014-2015	2013-2014	2014-2015	2013-2014
Unrestricted Cash and Cash Equivalents	\$ 310,433	\$ 289,558	\$ 574,338	\$ 465,494	884,771	755,052
Restricted Cash and Cash Equivalents	-	-	384,342	320,730	384,342	320,730
Account Receivables	25,142	44,324	163,030	129,393	188,172	173,717
Property Tax Receivables	5,712	6,179	5,757	4,330	11,469	10,509
Total Current Assets	<u>341,287</u>	<u>340,061</u>	<u>1,127,467</u>	<u>919,947</u>	<u>1,468,754</u>	<u>1,260,008</u>
Non Current Assets						
Pension Asset	34,579	-	86,334	-	120,913	-
Capital Assets						
Construction in Progress	-	152,551	-	-	-	152,551
Land	91,882	91,882	57,782	57,782	149,664	149,664
Infrastructure	2,638,135	2,486,127	-	-	2,638,135	2,486,127
Water System	-	-	4,576,365	4,684,943	4,576,365	4,684,943
Sewer System	-	-	9,204,908	9,435,653	9,204,908	9,435,653
Buildings	417,016	423,624	589,322	598,420	1,006,338	1,022,044
Equipment	51,879	59,236	117,061	128,580	168,940	187,816
Total Capital Assets	<u>3,198,912</u>	<u>3,213,420</u>	<u>14,545,438</u>	<u>14,905,378</u>	<u>17,744,350</u>	<u>18,118,798</u>
Total Assets	<u>3,574,778</u>	<u>3,553,481</u>	<u>15,759,239</u>	<u>15,825,325</u>	<u>19,334,017</u>	<u>19,378,806</u>
Deferred Outflows of Resources	13,913	13,235	32,750	33,044	46,663	46,279
<u>Liabilities</u>						
Current Liabilities:						
Account Payables	6,138	40,259	19,300	18,637	25,438	58,896
Payroll Payable	11,257	-	25,928	-	37,185	-
Deferred Revenue	-	-	3,048	7,328	3,048	7,328
Customer Deposits	-	-	33,843	27,943	33,843	27,943
Accrued Compensated Absences	87,028	86,666	-	-	87,028	86,666
Accrued Interest Payable	-	-	117,342	121,168	117,342	121,168
Loans Payable within one year	-	-	187,259	185,121	187,259	185,121
Total Current Liabilities	<u>104,423</u>	<u>126,925</u>	<u>386,720</u>	<u>360,197</u>	<u>491,143</u>	<u>487,122</u>
Long-term Liabilities:						
Loans Payable after one year	-	-	7,125,261	7,343,889	7,125,261	7,343,889
Total Liabilities	<u>104,423</u>	<u>126,925</u>	<u>7,511,981</u>	<u>7,704,086</u>	<u>7,616,404</u>	<u>7,831,011</u>
Deferred Inflows of Resources	67,401	77,849	168,279	194,367	235,680	272,216
<u>Net Position</u>						
Net Investment in Capital Assets	3,198,912	3,213,420	7,232,918	7,376,368	10,431,830	10,589,788
Restricted for Debt Service	-	-	58,742	65,597	58,742	65,597
Restricted for System Replacement	-	-	291,590	227,190	291,590	227,190
Streets and Public Works	30,112	37,302	-	-	30,112	37,302
Unrestricted	<u>187,843</u>	<u>111,220</u>	<u>528,479</u>	<u>290,761</u>	<u>716,322</u>	<u>401,981</u>
Total Net Position	<u>\$ 3,416,867</u>	<u>\$ 3,361,942</u>	<u>\$ 8,111,729</u>	<u>\$ 7,959,916</u>	<u>11,528,596</u>	<u>11,321,858</u>

The City's total assets decreased \$44,789 and liabilities decreased \$214,607. Revenues totaled \$1,924,073 and total expenses were \$1,717,335 resulting in the \$206,738, or approximately 1.8% increase in net position.

Current assets increased \$208,746. Current Assets are assets that are expected to either be converted to cash or used to pay current liabilities within 12 months. Capital assets are depreciated over their estimated useful lives using the straight-line method. The total amount of the capital asset depreciation for the fiscal year was \$414,735.

Governmental Activities

Net position of the city's governmental activities increased \$54,924, approximately 1.6%. The statements of activities for governmental activities will give a better understanding of how this came to be. The report below is included for reference and comparison between the current period and the previous period.

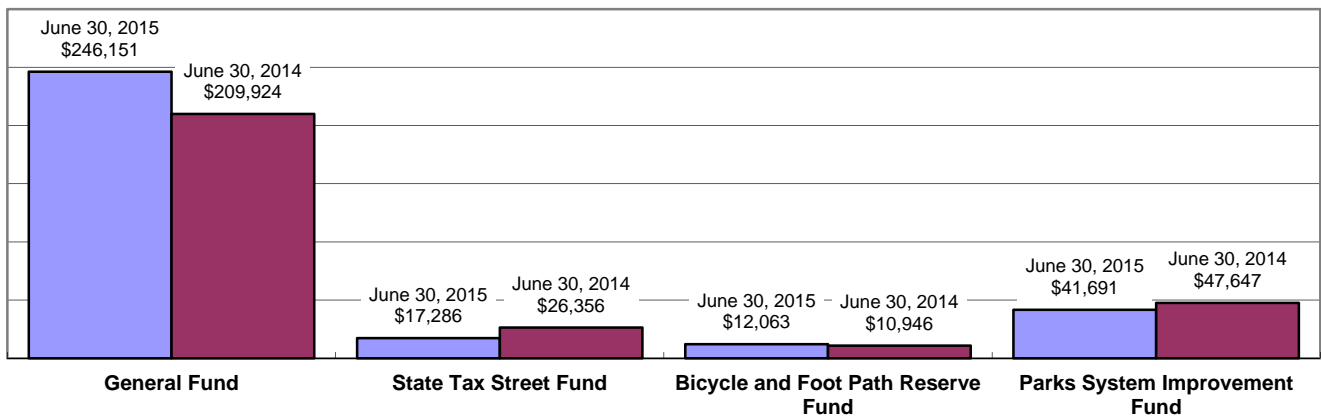
Statement of Activities Summary
Governmental Activities for the years ended June 30, 2015 and 2014

Revenues	2014-2015	2013-2014	Difference
Property Tax	\$ 173,710	\$ 173,089	\$ 621
Franchise Fees	65,073	68,966	(3,893)
Pet Licenses	810	1,140	(330)
Intergovernmental	152,970	141,692	11,278
Miscellaneous	12,089	5,590	6,499
SDC Fees	1,000	20,500	(19,500)
Grants	78,000	137,940	(59,940)
Transient Room Tax	1,222	642	580
Planning/Zoning/Building Fees	1,989	2,072	(83)
Lease Revenue	18,300	15,600	2,700
Cemetery Contract Services	-	825	(825)
Interest on Investments	1,421	1,833	(412)
Nuisance Abatement	650	-	650
Total Revenues	<u>507,234</u>	<u>569,889</u>	<u>(62,655)</u>
Expenses			
General Government	224,447	239,460	(15,013)
Street Services	234,862	168,371	66,491
Total Expenditures	<u>459,309</u>	<u>407,831</u>	<u>51,478</u>
Increase (Decrease) in net assets before transfers and gain on disposal of real	47,925	162,058	(114,133)
Transfers	7,000	5,650	1,350
Net Change in Net Position	<u>\$ 54,925</u>	<u>\$ 167,708</u>	<u>\$ (112,783)</u>

The City's Revenue in Governmental Activities was \$507,234 with expenditures of \$459,309 and a transfer in of \$7,000 that resulted in the increase of net position of \$54,925. The table above is included for reference and comparison between the current and previous period. The city received less in grant resources then the year before. The grants received were \$75,000 from the Columbia River Enterprise Zone II for community enhancement projects and \$3,000 from Good Shepherd Community Health for security cameras at the city parks. Overall expenditures for the city's Governmental Activities increased approximately 12.7% from the previous fiscal year.

The Governmental Funds Balance Comparison Graph presented below is based on the fund financial statements on pages 11 thru 14. This graph compares the fund balances as of June 30, 2015 to the fund balances as of June 30, 2014.

Governmental Funds Balances Comparisons



The General fund balance increased \$36,227 or approximately 17% from the previous year. The State Tax Street Fund balance decreased \$9,070 or approximately 34%. The Bicycle and Foot Path Reserve Fund balance increased \$1,117 or approximately 10%. The Park System Improvement Fund balance decreased \$5,956 or approximately 13% from the previous year.

Business-Type Activities

Net Position for business-type activities increased \$151,813 approximately 2%. The statements of activities for the business-type activities will give a better understanding of how this came to be. The table below is included for reference and comparison between the current period and the previous period.

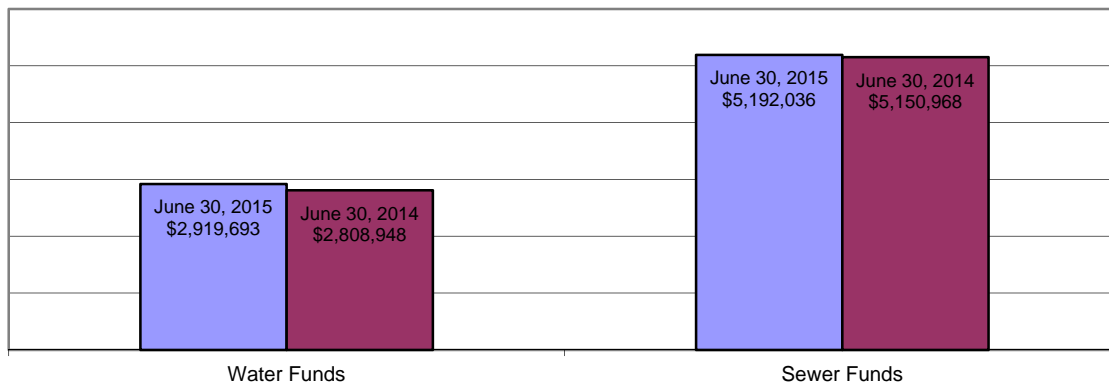
Statement of Activities Summary Business Type Activities for the years ended June 30, 2015 and 2014

Revenues	2014-2015	2013-2014	Difference
Charges for Services	\$ 1,148,187	\$ 1,264,559	\$ (116,372)
Grant	27,896	43,453	(15,557)
Property Taxes	225,302	140,659	84,643
Miscellaneous	10,654	2,219	8,435
Interest on Investments	4,800	3,823	977
Total Revenue	1,416,839	1,454,713	(37,874)
Expenses			
Water	506,234	426,976	79,258
Sewer	751,792	741,458	10,334
Total Expenses	1,258,026	1,168,434	89,592
Increase (decrease) in net assets before transfers and gain on disposal of real property	158,813	286,279	(127,466)
Transfers (out)	(7,000)	(5,650)	(1,350)
Change in Net Position	151,813	280,629	(128,816)

The proprietary activity revenue for the fiscal year was \$1,416,839; expenses were \$1,258,026 and transfers out were \$7,000 resulting in net position increasing \$151,813. The city has experienced a decrease in revenues from the proprietary funds of \$37,874 even though property tax revenue increased \$84,642. The reasons being that the city's charges for services and grant revenue were less.

The expenses from the proprietary activities totaled \$1,258,026, an increase of approximately 8% from the prior year. Personnel services decreased 22%, materials and services decreased 5%, depreciation increased 8% and interest on debt decreased 1%.

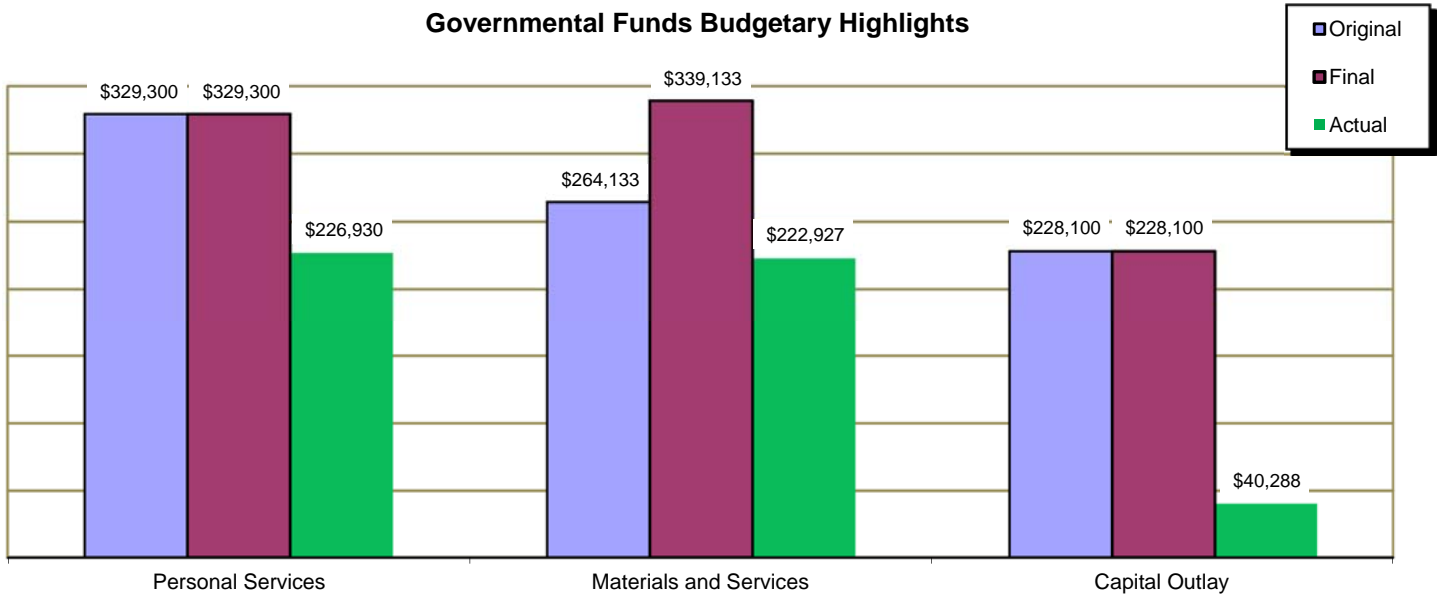
Proprietary Fund Balances Comparison



The Proprietary Funds Balance Comparison Graph presented above compares the fund balances as of June 30, 2015 to the fund balances as of June 30, 2014 for the water funds and the sewer funds. The water fund balances increased \$110,745 from the previous year's total water fund balances. The sewer fund balances increased \$41,068 from the previous year.

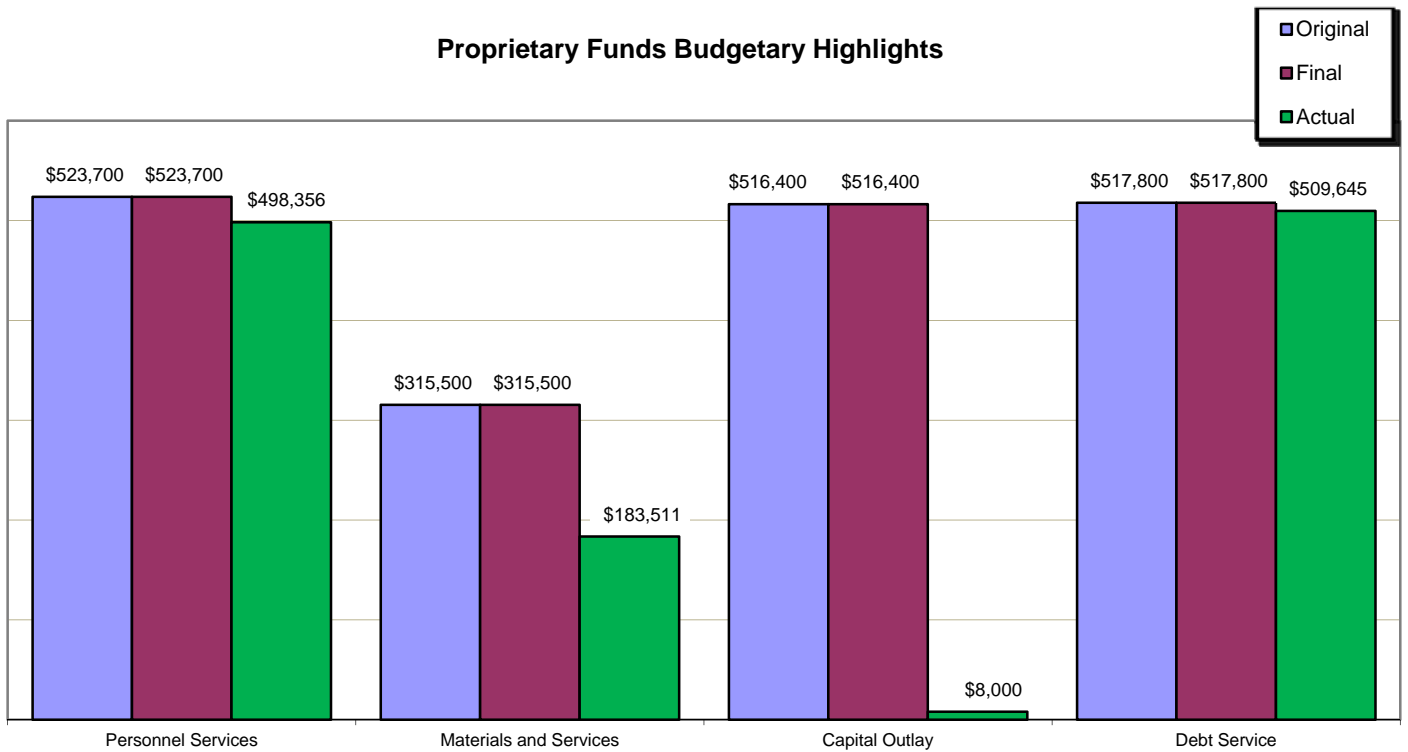
Budgetary Highlights

Governmental Funds Budgetary Highlights



The governmental funds expenditures for the fiscal year were below the appropriations approved by the city council. Personnel Service expenditures were \$102,370 below budgeted amount allowing for the pay out of all accrued employee leave, materials and services were \$116,206 below budget amount and Capital Outlay was \$187,812 below budgeted amount. The city received a grant from the Columbia River Enterprise Zone of \$75,000 for community enhancements but the money was not expended until after fiscal year ended. The city is continuously trying to set aside money for needed capital improvements until enough is available to complete a needed project.

Proprietary Funds Budgetary Highlights



The proprietary funds total expenditures for the fiscal year were below the total appropriations approved by the city council. Personnel Services expenditures were \$25,344 below the budgeted amount, materials and services were \$131,989 below the budget amount, Capital Outlay was \$508,400 below the budgeted amount and debt service was \$8,155 below the budgeted amount. The difference in the amount budgeted and the actual expenditures for materials and services is due to staff deliberately reducing expenses and the postponement of a couple high cost maintenance projects. The Capital Outlay

difference is because the city is assigning current reserves to needed capital improvement projects until the reserve reaches the cost of the project.

Debt Covenants

The Water Fund and Sewer Fund are required by the Rural Utilities Services (RUS) and the Department of Environmental Quality to restrict money for the purpose of paying the cost of repairing or replacing any damage to the facility which may be caused by any unforeseen catastrophe and for the purpose of making payments of principal and interest on the bonds if no other funds are available. For Water Bonds issued in 2009, the city is required to reserve \$11,400 annually in a depreciation reserve and \$53,000 annually in a reserve for undersize waterline replacement starting in the fiscal year ending June 30, 2010. At year-end, the Water Fund had \$291,590 of restricted assets and \$58,742 restricted assets in the Sewer Fund for debt service.

Significant Capital Asset and Long-term Debt Activity

The city has been working on converting from septage effluent system to conventional gravity sewer, a section of the city at a time, as funding becomes available. In the period being reported, no funding was available and no sewer projects were completed.

Economic Factors and Next Year's Budget and Rates

Total Budget Authority for the 2015-2016 fiscal year is \$3,553,820. This is an increase of \$271,108 from the budget authority of \$3,282,712 from the 2014-2015 budget year. This slight increase is due to Irrigon housing and enhancement initiatives, increasing operating costs and committing current resources to needed future capital improvement projects.

The City's permanent governmental tax rate is \$3.6782 per \$1,000 assessed value. The permanent tax rate is expected to raise an estimated \$173,900, allowing for uncollected tax payments and discounts for early payment. The voters have approved general obligation bonds for both water and sewer, which allows the city to levy taxes to make the annual payments on the bond. The annual payments total \$241,770. The city has continued with a lesser tax on property to cover necessary payments on the bonded debt of approximately \$4.5765 per \$1,000 of assessed value. The property tax levy of \$4.5765 per \$1,000 assessed value is estimated to generate approximately \$222,724.

Requests for Information

This financial report is to provide a general overview of the City's finances and to show the City's accountability for the money it receives to all those with an interest in the government's finances. Questions in regards to this report or requests for additional financial information should be directed to the following address: City of Irrigon PO Box 428 Irrigon, OR 97844

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF IRRIGON, OREGON
Statement of Net Position
June 30, 2015

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	\$ 310,433	\$ 574,338	\$ 884,771
Taxes receivable	5,712	5,757	11,469
Accounts receivable	25,142	163,030	188,172
Restricted cash	-	384,342	384,342
Pension asset	34,579	86,334	120,913
Capital assets:			
Nondepreciable			
Land	91,882	57,782	149,664
Depreciable			
Improvements	-	16,966,169	16,966,169
Buildings	470,694	664,912	1,135,606
Equipment	140,847	216,189	357,036
Infrastructure	2,878,402	-	2,878,402
Less: accumulated depreciation	(382,913)	(3,359,614)	(3,742,527)
Total capital assets, net	<u>3,198,912</u>	<u>14,545,438</u>	<u>17,744,350</u>
Total assets	<u>3,574,778</u>	<u>15,759,239</u>	<u>19,334,017</u>
Deferred outflows of resources			
Pension deferred outflows of resources	<u>13,913</u>	<u>32,750</u>	<u>46,663</u>
Liabilities			
Accounts payable	17,395	45,228	62,623
Unearned revenue	-	3,048	3,048
Customer deposits	-	33,843	33,843
Accrued interest payable	-	117,342	117,342
Long-term obligations:			
Due within one year	87,028	187,259	274,287
Due in more than one year	-	7,125,261	7,125,261
Total liabilities	<u>104,423</u>	<u>7,511,981</u>	<u>7,616,404</u>
Deferred inflows of resources			
Pension deferred inflows of resources	<u>67,401</u>	<u>168,279</u>	<u>235,680</u>
Net Position			
Net investment in capital assets	3,198,912	7,232,918	10,431,830
Restricted for:			
Debt service	-	58,742	58,742
System replacement	-	291,590	291,590
Streets and public works	37,712	-	37,712
Unrestricted	<u>180,243</u>	<u>528,479</u>	<u>708,722</u>
Total net position	<u>\$ 3,416,867</u>	<u>\$ 8,111,729</u>	<u>\$ 11,528,596</u>

(The accompanying notes are an integral part of these financial statements)

CITY OF IRRIGON, OREGON
Statement of Activities
For the Fiscal Year Ended June 30, 2015

Activities	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 252,377	\$ 4,021	\$ 125,208	\$ -	\$ (123,148)		\$ (123,148)
Streets and public works	206,932	-	105,762	-	(101,170)		(101,170)
Total governmental activities	<u>459,309</u>	<u>4,021</u>	<u>230,970</u>	<u>-</u>	<u>(224,318)</u>		<u>(224,318)</u>
Business-type activities:							
Water	506,234	501,053	27,896	-		\$ 22,715	22,715
Sewer	751,792	647,134	-	-		(104,658)	(104,658)
Total business-type activities	<u>1,258,026</u>	<u>1,148,187</u>	<u>27,896</u>	<u>-</u>	<u>-</u>	<u>(81,943)</u>	<u>(81,943)</u>
Total primary government	<u>\$ 1,717,335</u>	<u>\$ 1,152,208</u>	<u>\$ 258,866</u>	<u>\$ -</u>	<u>(224,318)</u>	<u>(81,943)</u>	<u>(306,261)</u>
General Revenues							
Property taxes					173,710	225,302	399,012
Franchise fees					65,073	-	65,073
Interest on investments					1,421	4,800	6,221
Other income					32,039	10,654	42,693
Transfers					<u>7,000</u>	<u>(7,000)</u>	<u>-</u>
Total general revenues and transfers					<u>279,243</u>	<u>233,756</u>	<u>512,999</u>
Change in net position					54,925	151,813	206,738
Net position - beginning					3,426,556	8,121,239	11,547,795
Prior period adjustment					(64,614)	(161,323)	(225,937)
Net position - ending					<u>\$ 3,416,867</u>	<u>\$ 8,111,729</u>	<u>\$ 11,528,596</u>

(The accompanying notes are an integral part of these financial statements)

FUND FINANCIAL STATEMENTS

CITY OF IRRIGON, OREGON
Balance Sheet
Governmental Funds
June 30, 2015

	<u>General Fund</u>	<u>State Street Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Assets and Deferred Outflows of Resources				
Assets:				
Cash and investments	\$ 227,445	\$ 29,234	\$ 53,754	\$ 310,433
Taxes receivable	5,712	-	-	5,712
Accounts receivable	24,254	888	-	25,142
Total assets	257,411	30,122	53,754	341,287
Deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 257,411</u>	<u>\$ 30,122</u>	<u>\$ 53,754</u>	<u>\$ 341,287</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts payable	\$ 5,323	\$ 12,072	\$ -	\$ 17,395
Unearned revenue	1,472	764	-	2,236
Total liabilities	6,795	12,836	-	19,631
Deferred inflows of resources:				
Unavailable property tax revenue	4,465	-	-	4,465
Fund Balances:				
Restricted	8,363	17,286	12,063	37,712
Committed	108,952	-	41,691	150,643
Unassigned	128,836	-	-	128,836
Total fund balances	246,151	17,286	53,754	317,191
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 257,411</u>	<u>\$ 30,122</u>	<u>\$ 53,754</u>	<u>\$ 341,287</u>

(The accompanying notes are an integral part of these financial statements)

CITY OF IRRIGON, OREGON
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2015

Total fund balances - governmental funds \$ 317,191

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the funds.

Land	91,882	
Buildings	470,694	
Equipment	140,847	
Infrastructure	2,878,402	
Less: accumulated depreciation	<u>(382,913)</u>	3,198,912

Property taxes receivable will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the funds. 4,465

Some of the City's revenue will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the funds. 2,236

Pension assets used in governmental activities are not financial resources and therefore are not reported in the funds. 34,579

Deferred outflows and inflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:

Deferred outflows of resources pension expense and deferred outflow of 2015 employer contributions related to pensions	13,913	
Deferred inflows of resources related to pensions	<u>(67,401)</u>	(53,488)

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in governmental funds. Long-term liabilities at year-end consist of:

Compensated absences		<u>(87,028)</u>
----------------------	--	-----------------

Total net position - governmental activities **\$ 3,416,867**

(The accompanying notes are an integral part of these financial statements)

CITY OF IRRIGON, OREGON
Statements of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2015

	<u>General Fund</u>	<u>State Street Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Revenues				
Property taxes	\$ 174,174	\$ -	\$ -	\$ 174,174
Licenses and fees	4,021	-	-	4,021
Intergovernmental	125,208	105,762	-	230,970
Miscellaneous:				
Franchise fees	65,073	-	-	65,073
Interest on investments	973	164	284	1,421
Other income	27,627	1,176	1,000	29,803
Total revenues	<u>397,076</u>	<u>107,102</u>	<u>1,284</u>	<u>505,462</u>
Expenditures				
Current:				
General government	254,515	-	1,309	255,824
Streets and public works	-	194,032	-	194,032
Capital outlay	34,334	82	5,872	40,288
Total expenditures	<u>288,849</u>	<u>194,114</u>	<u>7,181</u>	<u>490,144</u>
Excess of revenues over (under) expenditures	<u>108,227</u>	<u>(87,012)</u>	<u>(5,897)</u>	<u>15,318</u>
Other Financing Sources (Uses)				
Transfers in	12,000	80,000	1,058	93,058
Transfers out	(84,000)	(2,058)	-	(86,058)
Total other financing sources (uses)	<u>(72,000)</u>	<u>77,942</u>	<u>1,058</u>	<u>7,000</u>
Net change in fund balance	36,227	(9,070)	(4,839)	22,318
Beginning fund balance	<u>209,924</u>	<u>26,356</u>	<u>58,593</u>	<u>294,873</u>
Ending fund balance	<u>\$ 246,151</u>	<u>\$ 17,286</u>	<u>\$ 53,754</u>	<u>\$ 317,191</u>

(The accompanying notes are an integral part of these financial statements)

CITY OF IRRIGON, OREGON
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to
the Statement of Activities
For the Fiscal Year Ended June 30, 2015

Total net change in fund balances - governmental funds	\$ 22,318
Amounts reported for governmental <i>activities</i> in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays and other capitalized expenditures (\$40,288) exceeds depreciation expense (\$54,796) in the current year.	(14,508)
Because some property taxes will not be collected for several months after the City's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenues increased (decreased) by this amount.	(464)
Because some revenue will not be collected for several months after the City's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenues increased (decreased) by this amount.	2,236
Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.	45,705
In the Statement of Activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for compensated absences are measured by the amount of financial resources used. Accrued compensated absences (increased) decreased by this amount in the current year.	<u>(362)</u>
Change in net position - governmental activities	<u><u>\$ 54,925</u></u>

(The accompanying notes are an integral part of these financial statements)

CITY OF IRRIGON, OREGON
Statement of Net Position
Proprietary Funds
June 30, 2015

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Assets			
Current assets:			
Cash and investments	\$ 152,669	\$ 421,669	\$ 574,338
Taxes receivable	2,505	3,252	5,757
Accounts receivable	87,456	75,574	163,030
Total current assets	<u>242,630</u>	<u>500,495</u>	<u>743,125</u>
Noncurrent assets:			
Pension asset	31,384	54,950	86,334
Capital assets:			
Land	46,799	10,983	57,782
Buildings	268,493	396,419	664,912
Equipment	80,505	135,684	216,189
Improvements	5,428,875	11,537,294	16,966,169
Less: Accumulated depreciation	<u>(930,223)</u>	<u>(2,429,391)</u>	<u>(3,359,614)</u>
Total capital assets	4,894,449	9,650,989	14,545,438
Restricted cash	<u>325,600</u>	<u>58,742</u>	<u>384,342</u>
Total noncurrent assets	<u>5,251,433</u>	<u>9,764,681</u>	<u>15,016,114</u>
Total assets	<u>5,494,063</u>	<u>10,265,176</u>	<u>15,759,239</u>
Deferred Outflows of Resources			
Pension deferred outflows of resources	<u>14,978</u>	<u>17,772</u>	<u>32,750</u>
Liabilities			
Current liabilities:			
Accounts payable	23,787	21,441	45,228
Customer deposits	33,843	-	33,843
Unearned revenue	3,048	-	3,048
Accrued interest payable	17,883	99,459	117,342
Current bonds and notes payable	66,158	121,101	187,259
Total current liabilities	<u>144,719</u>	<u>242,001</u>	<u>386,720</u>
Noncurrent liabilities:			
Bonds and notes payable	<u>2,383,457</u>	<u>4,741,804</u>	<u>7,125,261</u>
Total liabilities	<u>2,528,176</u>	<u>4,983,805</u>	<u>7,511,981</u>
Deferred Inflows of Resources			
Pension deferred inflows of resources	<u>61,172</u>	<u>107,107</u>	<u>168,279</u>
Net Position			
Net investment in capital assets	2,444,834	4,788,084	7,232,918
Restricted for:			
Debt service	-	58,742	58,742
System replacement	291,590	-	291,590
Unrestricted	<u>183,269</u>	<u>345,210</u>	<u>528,479</u>
Total net position	<u>\$ 2,919,693</u>	<u>\$ 5,192,036</u>	<u>\$ 8,111,729</u>

(The accompanying notes are an integral part of these financial statements)

CITY OF IRRIGON, OREGON
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2015

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Operating Revenues			
Charges for services	\$ 501,053	\$ 647,134	\$ 1,148,187
Grant income	27,896	-	27,896
Other income	1,348	9,306	10,654
Total operating revenues	<u>530,297</u>	<u>656,440</u>	<u>1,186,737</u>
Operating Expenses			
Personnel services	183,920	202,308	386,228
Materials and services	105,244	106,163	211,407
Depreciation	117,257	242,683	359,940
Total operating expenses	<u>406,421</u>	<u>551,154</u>	<u>957,575</u>
Operating income (loss)	<u>123,876</u>	<u>105,286</u>	<u>229,162</u>
Nonoperating Revenues (Expenses)			
Property taxes	88,231	137,071	225,302
Interest on investments	2,451	2,349	4,800
Interest expense	(99,813)	(200,638)	(300,451)
Total nonoperating revenues (expenses)	<u>(9,131)</u>	<u>(61,218)</u>	<u>(70,349)</u>
Income (loss) before transfers	114,745	44,068	158,813
Transfers in	112,488	46,958	159,446
Transfers out	<u>(116,488)</u>	<u>(49,958)</u>	<u>(166,446)</u>
Change in net position	110,745	41,068	151,813
Net position - beginning	2,867,591	5,253,648	8,121,239
Prior period adjustment	<u>(58,643)</u>	<u>(102,680)</u>	<u>(161,323)</u>
Total net position - ending	<u>\$ 2,919,693</u>	<u>\$ 5,192,036</u>	<u>\$ 8,111,729</u>

(The accompanying notes are an integral part of these financial statements)

CITY OF IRRIGON, OREGON
Statement of Cash Flows
Propreitary Funds
For the Fiscal Year Ended June 30, 2015

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total Proprietary Funds</u>
Cash Flows from Operating Activities:			
Receipts from customers	\$ 479,388	\$ 636,882	\$ 1,116,270
Other miscellaneous receipts	29,244	9,306	38,550
Payments (to) from suppliers	(90,514)	(100,302)	(190,816)
Payments to employees	<u>(227,753)</u>	<u>(270,603)</u>	<u>(498,356)</u>
Net cash provided (used) by operating activities	<u>190,365</u>	<u>275,283</u>	<u>465,648</u>
Cash Flows from Noncapital Financing Activities:			
Property taxes	87,885	135,990	223,875
Transfers in (out)	<u>(4,000)</u>	<u>(3,000)</u>	<u>(7,000)</u>
Net cash provided (used) by noncapital financing activities	<u>83,885</u>	<u>132,990</u>	<u>216,875</u>
Cash Flows from Capital and Related Financing Activities:			
Restricted for loan covenants	(60,467)	(3,145)	(63,612)
Customer deposits during the year	5,900	-	5,900
Payments on capital debt	<u>(171,952)</u>	<u>(348,815)</u>	<u>(520,767)</u>
Net cash provided (used) by capital and related financing activities	<u>(226,519)</u>	<u>(351,960)</u>	<u>(578,479)</u>
Cash Flows from Investing Activities:			
Interest and dividends	<u>2,451</u>	<u>2,349</u>	<u>4,800</u>
Net increase (decrease) in cash and investments	50,182	58,662	108,844
Beginning cash and investments	<u>102,487</u>	<u>363,007</u>	<u>465,494</u>
Ending cash and investments	<u>\$ 152,669</u>	<u>\$ 421,669</u>	<u>\$ 574,338</u>
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 123,876	\$ 105,286	\$ 229,162
<i>Adjustments to reconcile operating income to net cash provided (used) by operating activities:</i>			
Depreciation	117,257	242,683	359,940
(Increase) decrease in accounts receivable	(23,385)	(10,252)	(33,637)
Increase (decrease) in accounts payable	14,730	5,861	20,591
Increase (decrease) in unearned revenue	1,720	-	1,720
(Increase) decrease in pension asset	(31,384)	(54,950)	(86,334)
Increase (decrease) in pension liability	(70,655)	(123,712)	(194,367)
(Increase) decrease in deferred outflows	(2,966)	3,260	294
Increase (decrease) in deferred inflows	<u>61,172</u>	<u>107,107</u>	<u>168,279</u>
Net cash provided (used) by operating activities	<u>\$ 190,365</u>	<u>\$ 275,283</u>	<u>\$ 465,648</u>

(The accompanying notes are an integral part of these financial statements)

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF IRRIGON, OREGON
Notes to Basic Financial Statements

Note 1 - Summary of Significant Accounting Policies:

Reporting Entity

The accompanying financial statements present the activities of the City of Irrigon, Oregon. The City of Irrigon, Morrow County, Oregon (the City), was incorporated as a municipal corporation in 1957. The government of the City is vested in a Common Council and a Mayor. The Council members are elected at large for terms of four years. The Mayor is elected by the Council to serve a term of two years. All other officers and employees of the City are appointed by the majority of the Council. The administration of day-to-day City affairs is the responsibility of the City Administrator who serves at the pleasure of the City Council. The City is legally and financially independent of other state and local government units, has the power to levy taxes, is responsible for its debts, and is entitled to any surpluses.

The City has implemented GASB Statements No. 68, *Accounting and Financial Reporting for Pensions*, and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Basis of Presentation, Basis of Accounting

Government-Wide Financial Statements: The Statement of Net Position and Statement of Activities display information about the primary government (the City). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-accounting of internal activities. These statements distinguish between governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and 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. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds. Separate statements for each fund category, governmental and proprietary, are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associates with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The City reports the following major governmental funds:

General Fund - This is the City'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 - This fund accounts for Oregon highway monies, special grants, and other monies required to be spent on streets.

The City reports the following major enterprise funds:

Water Fund - This fund accounts for the operation and maintenance of the water system.

Sewer Fund - This fund accounts for the operation and maintenance of the sewer system.

CITY OF IRRIGON, OREGON
Notes to Basic Financial Statements

Measurement Focus and Basis of Accounting

Government-wide and Proprietary Fund Financial Statements: The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net resources available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

Financial Position

Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the City for the purpose of increasing earnings through investment activities. The pool's investments are reported at fair value at June 30, 2014, based on market prices. The individual fund's portion of the pool's fair value is presented as cash and cash equivalents. Earnings on the pooled funds are apportioned and paid or credited to the funds monthly based on the ending balance of each participating fund.

Cash and Cash Equivalents

The government's cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Receivables

The City shows their receivables net of an allowance for uncollectible accounts.

Grants and other receivables from other government agencies are generally expected to be collectable and, therefore an allowance for uncollectibles is not considered necessary or recorded.

All accounts receivable are expected to be collected within one year.

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. The separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of

CITY OF IRRIGON, OREGON
Notes to Basic Financial Statements

net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one of these items, which arises under the accrual and modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the governmental funds reports unavailable property tax revenue. This amounts is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Property Tax Calendar

Property taxes attach as an enforceable lien on July 1, when they are levied, and until they are paid. Taxes are due in one-third increments on November 15, February 15, and May 15. Unpaid taxes are considered delinquent after November 15.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end. Delinquent taxes are considered fully collectible and, therefore, no allowance of uncollectible taxes is provided.

Property tax revenues are accounted for on the accrual basis of accounting in the government-wide statements and are recognized when earned.

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. Major capital asset additions are financed primarily from bond proceeds. The normal cost of maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used for assets that have initial useful lives extending beyond a single reporting period.

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

Buildings	80-100 years
Machinery and Equipment	20-30 years
Water and Sewer Systems	40-50 years
Infrastructure	30-40 years

Capitalized Interest

Interest costs are capitalized when incurred by proprietary funds on debt where proceeds were used to finance the construction of assets. Interest earned on proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized. \$300,433 of interest was incurred, all of which was charged to expense during the fiscal year ended June 30, 2015.

Compensated Absences

The liability for compensated absences reported in the government-wide statements consists of unpaid, accumulated vacation and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

Net Position/Fund Balance Classifications

Government-Wide Statements

Equity is classified as net position and displayed in three components:

- a. Net Investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets and adjusted for any deferred inflows and outflows of resources attributable to capital assets and related debt.
- b. Restricted net position - Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets, with constraints placed on the use either by (1) external groups such as creditors,

CITY OF IRRIGON, OREGON
Notes to Basic Financial Statements

grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

- c. Unrestricted net position - Net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

It is the City's policy to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available.

Fund Financial Statements

In the governmental funds the difference among assets, deferred outflows, liabilities, and deferred inflows of governmental funds is reported as fund balance and classified as nonspendable, restricted, committed, assigned, and unassigned based on the respective level of constraint. The constraints are defined as follows:

Nonspendable - Resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories, prepaids and deposits, and assets held for resale.

Restricted - Constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributions, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed - Reported when the Council passes an ordinance that places specific constraints on how the resources may be used. The Council can modify or rescind the ordinance at any time through passage of an additional ordinance.

Assigned - Resources that are constrained by the government's intent to use them for a specific purpose, but are neither restricted nor committed. Intent is expressed when the Council approves which resources should be "reserved" during the adoption of the annual budget. The City Manager uses that information to determine whether those resources should be classified as assigned or unassigned for presentation in the City's annual financial report.

Unassigned - The residual classification for the General Fund. This classification represents fund balance that has not been restricted, committed, or assigned within the General Fund. This classification is also used to report any negative fund balance amounts in other governmental funds.

For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance, and lastly unassigned fund balance.

The City has no formal minimum fund balance policies or any formal stabilization arrangements in place.

Fund balances by classification for the year ended June 30, 2015 were as follows:

	<u>General Fund</u>	<u>State Tax Street Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Fund balances:</u>				
Restricted:				
Public Works	\$ -	\$ -	\$ 12,063	\$ 12,063
Street	-	15,586		15,586
Unappropriated ending fund balance	8,363	1,700		10,063
Committed:				
Equipment	5,068	-	-	5,068
Compensated Absences	84,761	-	-	84,761
Park Improvement	-	-	41,691	41,691
Building Maintenance	19,123	-	-	19,123
Unassigned	128,836	-	-	128,836
Total fund balances	<u>\$ 246,151</u>	<u>\$ 17,286</u>	<u>\$ 53,754</u>	<u>\$ 317,191</u>

CITY OF IRRIGON, OREGON
Notes to Basic Financial Statements

The amount of the primary government's net position at June 30, 2015 that is restricted by enabling legislation totaled \$37,712.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates. Depreciation Expense, Accumulated Depreciation, Property Taxes Receivable, Allowance for Uncollectible Accounts, and Deferred Revenue accounts have been subject to estimation.

Note 2 - Compliance and Accountability:

Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, violations of finance-related legal and contractual provisions, if any, are reported below, along with the actions taken to address such violations.

The City did not comply with ORS 279C.305. The City did not file with the Commissioner of the Bureau of Labor and industries, 30 days prior to the adoption of the budget for the subsequent budget period, a list of every public improvement known to the City that they planned to fund in the budget period. The City will make this notification now.

Note 3 - Deposits and Investments:

Deposits and Investments are comprised of the following at June 30, 2015:

	Carrying Value	Fair Value
Deposits with financial institutions	\$ 729,069	\$ 729,069
Investments with State of Oregon Local Government Investment Pool (LGIP)	540,044	540,044
	\$ 1,269,113	\$ 1,269,113

Deposits and investments are reflected in the government-wide Statement of Net Position as follows:

Cash and investments	\$ 884,771
Restricted cash	384,342
Cash and investments	\$ 1,269,113

The City maintains a cash management pool for its cash and cash equivalents in which each fund participates. Interest earnings are distributed monthly based on average daily balances.

Investments, including amounts held in pooled cash and investments are stated at fair value, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Fair value is determined at the quoted market price, if available; otherwise, the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. Investments in the State of Oregon Local Government Pool (LGIP) are stated at fair value.

CITY OF IRRIGON, OREGON
Notes to Basic Financial Statements

Deposits

Deposits with financial institutions are comprised of bank demand deposits. The total bank balance per the bank statements was \$752,692 at June 30, 2015. The difference is due to transactions in process. Deposits are secured by federal deposit insurance to legal limits. The remaining amount is secured by collateral in accordance with Oregon Revised Statutes.

Custodial Credit Risk - Deposits

Custodial credit risk on deposits is the risk that in the event of a bank failure, the City's deposits may not be returned. In order to minimize this risk, state statutes require banks holding public funds to become members of the Public Funds Collateralization Program (PFCP), a multiple financial institution collateral pool created by the Office of the State Treasurer. To qualify, participating banks must pledge collateral against any public fund deposits in excess of deposit insurance. The amount of collateral is set up by the PFCP between 10% and 110% of each bank's public fund deposits based on their net worth and level of capitalization. Although the PFCP creates a shared liability structure for participating bank depositories, it does not guarantee that all funds are 100% protected.

All accounts are fully insured by FDIC up to \$250,000.

Investments

The purpose of the City's investment policy is to identify various policies and procedures that enhance opportunities for a prudent and systematic investment policy and to organize and formalize investment-related activities. The City has delegated investment responsibilities to the City Manager, who is primarily responsible for implementing the investment policy.

Credit Risk - Investments

State statutes authorize the City to invest primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, certain commercial papers and the State Treasurer's investment pool, among others. The City has no formal investment policy that further restricts its investment choices.

Custodial Credit Risk - Investments

This is the risk that, in the event of the failure of a 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 does not have a policy that limits the amount of investments that can be held by counterparties.

The Local Government Investment Pool (LGIP) is administered by the Oregon State Treasury with the advice of other state agencies and is not registered with the U.S. Securities and Exchange Commission. The LGIP is an open-ended no-load diversified portfolio offered to any agency, political subdivision, or public corporation of the state that by law is made the custodian of, or has control of any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short-Term Fund Board, which has established diversification percentages and specifies the types and maturities of the investments. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP. These investments within the LGIP must be invested and managed as a prudent investor would, exercising reasonable care, skill and caution. The LGIP's credit quality is unrated.

Professional standards indicate that the investments in external investment pools are not subject to custodial risk because they are not evidenced by the securities that exist in physical or book entry form. Nevertheless, management does not believe that there is any substantial custodial risk related to investments in the LGIP. The fair value of the City's position in the LGIP is the same as the value of the pool shares.

CITY OF IRRIGON, OREGON
Notes to Basic Financial Statements

Concentration Risk

The City does not have a formal policy that places a limit on the amount that they may be invested in any one investment. The City has concentrations in the following investments: Local Government Pool. These investments are 100% of the City's total investments.

<u>Investment Type</u>	<u>Maturities</u>	<u>Concentration% of Portfolio</u>	<u>Actual Amount</u>
Local Government Investment Pool	Avg 6-18 months	100%	<u>\$ 540,044</u>

Interest Rate Risk

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

Note 4 - Property Taxes:

Property taxes receivable included in revenues are \$11,469, which are all past due and accruing interest.

Note 5 - Capital Assets:

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

	<u>Balance at July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2015</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 91,882	\$ -	\$ -	\$ 91,882
Construction in progress	152,551	-	(152,551)	-
Total capital assets, not being depreciated	<u>244,433</u>	<u>-</u>	<u>(152,551)</u>	<u>91,882</u>
Capital assets being depreciated:				
Buildings	470,694	-	-	470,694
Equipment	140,847	-	-	140,847
Infrastructure	2,685,563	192,839	-	2,878,402
Total capital assets being depreciated	<u>3,297,104</u>	<u>192,839</u>	<u>-</u>	<u>3,489,943</u>
Less: accumulated depreciation:				
Buildings	(47,070)	(6,609)	-	(53,679)
Equipment	(81,611)	(7,357)	-	(88,968)
Infrastructure	(199,436)	(40,830)	-	(240,266)
Total accumulated depreciation	<u>(328,117)</u>	<u>(54,796)</u>	<u>-</u>	<u>(382,913)</u>
Net capital assets being depreciated	<u>2,968,987</u>	<u>138,043</u>	<u>-</u>	<u>3,107,030</u>
Governmental Activities - net capital assets	<u>\$ 3,213,420</u>	<u>\$ 138,043</u>	<u>\$ -</u>	<u>\$ 3,198,912</u>

CITY OF IRRIGON, OREGON
Notes to Basic Financial Statements

	Balance at July 1, 2014	Increases	Decreases	Balance at June 30, 2015
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 57,782	\$ -	\$ -	\$ 57,782
Capital assets being depreciated:				
Buildings	664,912	-	-	664,912
Equipment	233,789	-	(17,600)	216,189
Improvements	16,966,169	-	-	16,966,169
Total capital assets being depreciated	<u>17,864,870</u>	<u>-</u>	<u>(17,600)</u>	<u>17,847,270</u>
Less: accumulated depreciation:				
Buildings	(66,491)	(9,098)	-	(75,589)
Equipment	(105,209)	(11,518)	17,600	(99,127)
Improvements	(2,845,574)	(339,324)	-	(3,184,898)
Total accumulated depreciation	<u>(3,017,274)</u>	<u>(359,940)</u>	<u>17,600</u>	<u>(3,359,614)</u>
Net capital assets being depreciated	<u>14,847,596</u>	<u>(359,940)</u>	<u>-</u>	<u>14,487,656</u>
Business-Type Activities - net capital assets	<u>\$ 14,905,378</u>	<u>\$ (359,940)</u>	<u>\$ -</u>	<u>\$ 14,545,438</u>

Depreciation expense was charged to functions as follows:

Governmental Activities:		Business-Type Activities:	
General government	\$ 13,966	Water	\$ 117,257
Streets	<u>40,830</u>	Sewer	<u>242,683</u>
Total	<u>\$ 54,796</u>	Total	<u>\$ 359,940</u>

Note 6 - Long-Term Obligations:

Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2015, are as follows:

	Payable at July 1, 2014	Additions	Deletions	Payable at June 30, 2015	Due within one year
Governmental Activities:					
Compensated absences	\$ 86,666	\$ 26,815	\$ (26,453)	\$ 87,028	\$ 87,028
Business-Type Activities:					
G.O. Sewer No. 1 - 2005	\$ 2,269,442	\$ -	\$ (34,599)	\$ 2,234,843	\$ 36,069
G.O. Sewer No. 2 - 2005	344,953	-	(5,260)	339,693	5,483
Sewer Revenue Bond 2005	544,667	-	(38,304)	506,363	9,932
Sewer Revenue Bond 2010	557,838	-	(21,607)	536,231	22,685
Water Bond 91-05	7,306	-	(7,306)	-	-
State OR Drinking Water 2009	901,826	-	(43,525)	858,301	44,978
G.O. Water Bond 2009	1,611,606	-	(20,292)	1,591,314	21,180
Septic Conversion Loan	794,374	-	(31,930)	762,444	32,857
State Sewer Loan	496,998	-	(13,667)	483,331	14,075
Total business-type activities	<u>\$ 7,529,010</u>	<u>\$ -</u>	<u>\$ (216,490)</u>	<u>\$ 7,312,520</u>	<u>\$ 187,259</u>

CITY OF IRRIGON, OREGON
Notes to Basic Financial Statements

	Total	Current Portion	Long-Term Portion
<u>Governmental Activities:</u>			
Compensated Absences	\$ 87,028	\$ 87,028	\$ -

Debt Service Requirements

Business-Type Activities:

General Obligation Bond - Sewer No. 1 - 2005

On December 15, 2005, the City issued General Obligation Sewer Bonds in the amount of \$2,500,000 for improvements to the sewer system. The loan is payable over 40 years, including interest at 4.25%, with annual installments of \$131,050.

	\$ 2,234,843	\$ 36,069	\$ 2,198,774
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General Obligation Bond - Sewer No. 2 - 2005

On December 15, 2005, the City issued General Obligation Sewer Bonds in the amount of \$380,000 for improvements to the sewer system. The loan is payable over 40 years, including interest at 4.25%, with annual installments of \$19,920.

	339,693	5,483	334,210
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Sewer Revenue Bond 2005

On December 15, 2005, the City issued Sewer Revenue Bonds in the amount of \$600,000 for improvements to the sewer system. The loan is payable over 40 years, including interest at 4.25%, with annual installments of \$31,452.

	506,363	9,932	496,431
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Sewer Revenue Bond 2010

On December 1, 2010, the City issued Sewer Revenue Bonds in the amount of \$616,689 for improvements to the sewer system. The loan is payable over 21 years, including interest at 4.99%, with annual installments of \$49,443.

	536,231	22,685	513,546
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Septic Conversion Loan

During the fiscal year ended June 30, 2011, the City entered into a loan agreement with the Department of Environmental Quality in the amount of \$1,810,000 for a new lift station and collector sewers. The loan has a 2.88% interest rate and is secured by the City's net operating revenue. As of June 30, 2013, all \$1,810,000 of loan proceeds had been drawn and \$1,000,000 was forgiven as a grant resulting in a balance of \$810,000. Interest only of \$15,065 is due on 12/01/13 then semi annual payments of \$27,290 principal and interest are payable at 6/1 and 12/1.

	762,444	32,857	729,587
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State Sewer Loan

During the fiscal year ended June 30, 2013, the City entered into a loan agreement with the Oregon Infrastructure Finance Authority for the matching on a new lift station and collector sewers. The loan of \$496,993 has a 2.98% interest rate and is secured by the City's net operating revenue of the sewer system.

	483,331	14,075	469,256
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Total - Sewer Fund

	4,862,905	121,101	4,741,804
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Water Bond 91-05

On February 1, 1975, the City issued General Obligation Water Bonds in the amount of \$106,000 for improvements to the water system. The loan is payable over 40 years, including interest at 5%, with semi-annual installments of \$3,115. This loan was paid in full during the fiscal year.

CITY OF IRRIGON, OREGON
Notes to Basic Financial Statements

	Total	Current Portion	Long-Term Portion
State OR Drinking Water 2009			
On December 1, 2009, the City issued General Obligation Water Bonds in the amount of \$1,062,000 for improvements to the water system. The loan is payable over 21 years, including interest at 3.34%, with annual installments of \$73,746.	858,301	44,978	813,323
General Obligation Water Bond 2009			
On June 24, 2009, the City issued General Obligation Water Bonds in the amount of \$1,701,000 for improvements to the water system. The loan is payable over 40 years, including interest at 4.375%, with annual installments of \$90,800.	1,591,314	21,180	1,570,134
Total - Water Fund	2,449,615	66,158	2,383,457
Total Business Type Activities	\$ 7,312,520	\$ 187,259	\$ 7,125,261

Summary of Debt Service Requirements to Maturity - Annual Principal and Interest:

Fiscal Year	State Sewer Loan			State of Oregon Water Bond		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 14,075	\$ 14,403	\$ 28,478	\$ 44,978	\$ 28,667	\$ 73,645
2017	14,495	13,984	28,479	46,481	27,165	73,646
2018	14,926	13,552	28,478	48,033	25,613	73,646
2019	15,371	13,107	28,478	49,638	24,008	73,646
2020	15,829	12,649	28,478	51,295	22,350	73,645
2021	16,301	12,177	28,478	53,009	20,637	73,646
2022	16,786	11,692	28,478	54,779	18,867	73,646
2023	17,287	11,191	28,478	56,609	17,037	73,646
2024	17,802	10,676	28,478	58,500	15,146	73,646
2025	18,332	10,146	28,478	60,453	13,192	73,645
2026	18,878	9,599	28,477	62,473	11,173	73,646
2027	19,441	9,037	28,478	64,559	9,087	73,646
2028	20,020	8,457	28,477	66,715	6,930	73,645
2029	20,617	7,861	28,478	68,944	4,702	73,646
2030	21,231	7,246	28,477	71,835	2,399	74,234
2031	21,864	6,614	28,478	-	-	-
2032	22,516	5,962	28,478	-	-	-
2033	23,187	5,291	28,478	-	-	-
2034	23,878	4,600	28,478	-	-	-
2035	24,589	3,889	28,478	-	-	-
2036	25,322	3,156	28,478	-	-	-
2037	26,076	2,401	28,477	-	-	-
2038	26,854	1,624	28,478	-	-	-
2039	27,654	824	-	-	-	-
	\$ 483,331	\$ 200,138	\$ 654,991	\$ 858,301	\$ 246,973	\$ 1,105,274

CITY OF IRRIGON, OREGON
Notes to Basic Financial Statements

Fiscal Year	General Obligation Water Bond '09			Sewer Revenue Bond 2005-Issue		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 21,180	\$ 69,620	\$ 90,800	\$ 9,932	\$ 21,520	\$ 31,452
2017	22,107	68,693	90,800	10,354	21,098	31,452
2018	23,074	67,726	90,800	10,794	20,658	31,452
2019	24,083	66,717	90,800	11,253	20,199	31,452
2020	25,137	65,663	90,800	11,731	19,721	31,452
2021	26,237	64,563	90,800	12,230	19,222	31,452
2022	27,384	63,416	90,800	12,750	18,702	31,452
2023	28,583	62,217	90,800	13,292	18,161	31,453
2024	29,833	60,967	90,800	13,857	17,596	31,453
2025	31,138	59,662	90,800	14,445	17,007	31,452
2026	32,501	58,299	90,800	15,059	16,393	31,452
2027	33,922	56,878	90,800	15,699	15,753	31,452
2028	35,407	55,393	90,800	16,367	15,086	31,453
2029	36,956	53,844	90,800	17,062	14,390	31,452
2030	38,572	52,228	90,800	17,787	13,665	31,452
2031	40,260	50,540	90,800	18,543	12,908	31,451
2032	42,021	48,779	90,800	19,331	12,121	31,452
2033	43,860	46,940	90,800	20,153	11,299	31,452
2034	45,779	45,021	90,800	21,009	10,443	31,452
2035	47,781	43,019	90,800	21,902	9,550	31,452
2036	49,872	40,928	90,800	22,833	8,619	31,452
2037	52,054	38,746	90,800	23,803	7,649	31,452
2038	54,331	36,469	90,800	24,815	6,637	31,452
2039	56,708	34,092	90,800	25,870	5,582	31,452
2040	59,189	31,611	90,800	26,969	4,483	31,452
2041	61,779	29,021	90,800	28,115	3,337	31,452
2042	64,481	26,319	90,800	29,310	2,142	31,452
2043	67,302	23,498	90,800	21,098	896	21,994
2044	70,247	20,553	90,800	-	-	-
2045	73,320	17,480	90,800	-	-	-
2046	76,528	14,272	90,800	-	-	-
2047	79,876	10,924	90,800	-	-	-
2048	83,371	7,429	90,800	-	-	-
2049	86,441	3,782	90,223	-	-	-
	<u>\$ 1,591,314</u>	<u>\$ 1,495,309</u>	<u>\$ 3,086,623</u>	<u>\$ 506,363</u>	<u>\$ 364,837</u>	<u>\$ 871,200</u>

CITY OF IRRIGON, OREGON
Notes to Basic Financial Statements

Fiscal Year	General Obligation Sewer Bond #1 2005-Issue			General Obligation Sewer Bond #2 2005-Issue		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 36,069	\$ 94,981	\$ 131,050	\$ 5,483	\$ 14,437	\$ 19,920
2017	37,602	93,448	131,050	5,716	14,204	19,920
2018	39,200	91,850	131,050	5,959	13,961	19,920
2019	40,866	90,184	131,050	6,212	13,708	19,920
2020	42,603	88,447	131,050	6,476	13,444	19,920
2021	44,414	86,636	131,050	6,752	13,168	19,920
2022	46,301	84,749	131,050	7,039	12,881	19,920
2023	48,269	82,781	131,050	7,338	12,582	19,920
2024	50,320	80,730	131,050	7,650	12,270	19,920
2025	52,459	78,591	131,050	7,975	11,945	19,920
2026	54,689	76,361	131,050	8,314	11,606	19,920
2027	57,013	74,037	131,050	8,667	11,253	19,920
2028	59,436	71,614	131,050	9,035	10,885	19,920
2029	61,962	69,088	131,050	9,419	10,501	19,920
2030	64,595	66,455	131,050	9,820	10,100	19,920
2031	67,341	63,709	131,050	10,237	9,683	19,920
2032	70,203	60,847	131,050	10,672	9,248	19,920
2033	73,186	57,864	131,050	11,125	8,795	19,920
2034	76,297	54,753	131,050	11,598	8,322	19,920
2035	79,539	51,511	131,050	12,091	7,829	19,920
2036	82,920	48,130	131,050	12,605	7,315	19,920
2037	86,444	44,606	131,050	13,141	6,779	19,920
2038	90,118	40,932	131,050	13,699	6,221	19,920
2039	93,948	37,102	131,050	14,282	5,638	19,920
2040	97,940	33,110	131,050	14,889	5,031	19,920
2041	102,103	28,947	131,050	15,521	4,399	19,920
2042	106,442	24,608	131,050	16,181	3,739	19,920
2043	110,966	20,084	131,050	16,868	3,051	19,919
2044	115,682	15,368	131,050	17,586	2,335	19,921
2045	120,599	10,451	131,050	18,333	1,587	19,920
2046	125,317	5,326	130,643	19,010	808	19,818
	<u>\$ 2,234,843</u>	<u>\$ 1,827,300</u>	<u>\$ 4,062,143</u>	<u>\$ 339,693</u>	<u>\$ 277,725</u>	<u>\$ 617,418</u>

CITY OF IRRIGON, OREGON
Notes to Basic Financial Statements

Fiscal Year	2010 Sewer Revenue Bond			Septic Conversion Loan		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 22,685	\$ 26,758	\$ 49,443	\$ 32,857	\$ 21,723	\$ 54,580
2017	23,817	25,626	49,443	33,810	20,770	54,580
2018	25,005	24,437	49,442	34,791	19,789	54,580
2019	26,253	23,190	49,443	35,800	18,780	54,580
2020	27,563	21,880	49,443	36,838	17,742	54,580
2021	28,938	20,504	49,442	37,907	16,673	54,580
2022	30,382	19,060	49,442	39,006	15,574	54,580
2023	31,899	17,544	49,443	40,137	14,443	54,580
2024	33,490	15,952	49,442	41,302	13,278	54,580
2025	35,161	14,281	49,442	42,500	12,080	54,580
2026	36,916	12,527	49,443	43,733	10,847	54,580
2027	38,758	10,685	49,443	45,002	9,578	54,580
2028	40,692	8,751	49,443	46,307	8,273	54,580
2029	42,723	6,720	49,443	47,650	6,930	54,580
2030	44,855	4,588	49,443	49,032	5,548	54,580
2031	47,094	2,350	49,444	50,455	4,125	54,580
2032	-	-	-	51,918	2,662	54,580
2033	-	-	-	53,399	1,156	54,555
	<u>\$ 536,231</u>	<u>\$ 254,853</u>	<u>\$ 791,084</u>	<u>\$ 762,444</u>	<u>\$ 219,971</u>	<u>\$ 982,415</u>

State Sewer Loan

This loan is currently a construction loan and will not be included in the summary.

Interest expense on long-term debt has been charged as a direct activity expense on the Statement of Activities as follows:

Business-Type Activities:

Water	\$ 99,795
Sewer	200,638

Debt Covenants

The Water Fund and Sewer Fund are required by the Rural Utilities Services (RUS) to restrict money for the purpose of paying the cost of repairing or replacing damage to the facility which may be caused by any unforeseen catastrophe, and making payments of principal and interest on the bonds if no other funds are available. The Water Fund has restricted the full amount required by RUS of \$10,000 for Bond 91-05. For Water Bonds issued in 2009, the City is required to reserve \$11,400 annually in a depreciation reserve and \$53,000 annually in a reserve for undersize waterline replacement starting in the fiscal year ending June 30, 2010 and continuing for 20 years. At year end the Water Fund reported restricted cash of \$325,600 as detailed below, which meets the current requirement.

	91-05	2009 Depreciation	Replacement	Customer Deposits	Total
Beginning Restriction	\$ 10,000	\$ 57,000	\$ 170,190	\$ 27,943	\$ 265,133
Current Year Restriction	(10,000)	11,400	53,000	6,067	60,467
Ending Restriction	<u>\$ -</u>	<u>\$ 68,400</u>	<u>\$ 223,190</u>	<u>\$ 34,010</u>	<u>\$ 325,600</u>

CITY OF IRRIGON, OREGON
Notes to Basic Financial Statements

The Sewer Fund is required by its USDA Sewer Revenue Bond issued in 2005 to increase its restriction by \$3,146 each year until the restriction reaches \$31,452. At year end the City reported \$31,452 of restricted net position for this bond. The Sewer Fund is also required by its Septic Conversion loan through the Department of Environmental Quality to reserve one-half the average debt service. The loan reserve requirement is \$27,290. At the end of the year the City reported a total of \$58,742 of restricted net position in the Sewer Fund.

Note 7 - Grants:

In the normal course of operations, the City receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authority to ensure compliance with conditions of the grant. Any liability for reimbursement which may arise as the result of a grantor audit is not believed to be material.

Note 8 - Contributions to Pension Plan:

Plan Description

The City contributes to two pension plans administered by the Oregon Public Employees Retirement System (PERS). The Oregon Public Employees Retirement Fund (OPERF) applies to the City's contribution for qualifying employees who were hired before August 29, 2003, and is a cost-sharing multiple-employer defined benefit pension plan. The Oregon Public Service Retirement Plan (OPSRP) is a hybrid successor plan to the OPERF and consists of two programs: The Pension Program, the defined benefit portion of the plan, applies to qualifying City employees hired after August 29, 2003, and to inactive employees who return to employment following a six-month or greater break in service. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service. Beginning January 1, 2004, all PERS member contributions go into the Individual Account Program (IAP), the defined contribution portion of the plan. PERS members retain their existing PERS accounts, but any future member contributions are deposited into the member's IAP, not the member's PERS account.

Both PERS plans provide retirement and disability benefits, post-employment healthcare benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is administered under Oregon Revised Statute Chapter 238 and 238A, which establishes the Public Employees Retirement Board as the governing body of PERS. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003. PERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to PERS, PO Box 23700, Tigard, OR, 97281-3700 or by calling 503-598-7377.

Annual Pension Cost

The City's contributions to PERS for the years ending June 30, 2013, 2014, and 2015 were \$45,502, \$46,279, and \$46,663 respectively, which equaled the required contribution for the year.

PERS Pension (Chapter 238)

The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

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

CITY OF IRRIGON, OREGON
Notes to Basic Financial Statements

Death Benefits: Upon 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:

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

Disability Benefits: A member with 10 or more years of creditable service who become disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualified a member (including PERS judge members) for disability benefits regardless of the length of PERS covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

Benefit Changes After Retirements: Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to change in the market value of equity investments.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA in fiscal year 2015 and beyond will vary based on the amount of the annual benefit.

OPSRP Pension Program (OPSRP DB)

The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.

Pension Benefits: This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age: Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement. General Service: 1.5 percent is multiplied by the number of years service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit. A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

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 he 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 Retirements: Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on COLA in fiscal year 2015 and beyond will vary based on the amount of the annual benefit.

CITY OF IRRIGON, OREGON
Notes to Basic Financial Statements

Contributions

Members of PERS are required to contribute 6.00% of their salary covered under the plan, which is invested in the OPSRP Individual Account Program. The City is required by ORS 238.225 to contribute at an actuarially determined rate for the qualifying employees under the OPERF plan, and a general service rate for the qualifying employees under the OPSRP plan. The OPERF and the OPSRP rates in effect for the year ended June 30, 2015 was 10.64% and 9.22%, respectively. The contribution requirements for plan members are established by ORS Chapter 238A and may be amended by an act of the Oregon Legislature.

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

At June 30, 2015, the City reported an asset of \$120,913 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension asset used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension asset was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2014, the City's proportion was .00533428 percent.

For the year ended June 30, 2015, the City recognized pension income of \$111,509. At June 30, 2015 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on Plan investments	-	233,313
Changes in proportion and differences between City contributions and proportionate share of contributions.	-	2,367
Contributions subsequent to the measurement date	46,663	-
Total	\$ 46,663	\$ 235,680

The \$46,663 of deferred outflows of resources 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, 2016. Other amounts are reported as deferred outflows of resources and deferred inflows of resources will be recognized as pension expense as follows:

Year ending June 30,	
2016	\$ (58,842)
2017	(58,842)
2018	(58,842)
2019	(58,842)
2020	(311)
Total	\$ (235,679)

CITY OF IRRIGON, OREGON
Notes to Basic Financial Statements

Actuarial Methods and Assumptions Used in Developing Total Pension Liability/Asset:

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement date:

Actuarial methods

Valuation Date	December 31, 2013
Experience Study Report	2012, published September 18, 2103
Actuarial cost method	Entry age normal
Equivalent single amortization period	20 years
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.

Actuarial assumptions

Inflation rate	2.75 percent
Investment rate of return	7.75 percent
Projected salary increases	3.75 overall payroll growth; salaries for individuals are assumed to grow at 3.75 percent plus assumed rates of merit/longevity increases based on service.
Mortality	<p>Healthy retirees and beneficiaries: RP-2--- Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p>Disabled veterans: Mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.</p>

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 revisions as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2012 Experience Study which reviewed experience for the four-year period ending on December 31, 2012.

Discount Rate

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

CITY OF IRRIGON, OREGON
Notes to Basic Financial Statements

Note 9 - Internal Transfers

Internal transfers for the fiscal year ending June 30, 2015 consist of the following:

	Transfers In	Transfers Out
Governmental Funds:		
General Fund	\$ 12,000	\$ 84,000
Street Fund	80,000	2,058
Nonmajor funds	1,058	-
Proprietary Funds:		
Water Fund	-	4,000
Sewer Fund	-	3,000
	\$ 93,058	\$ 93,058

Transfers are primarily used to move funds from:

The General Fund and Street Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 10 - Other Postemployment Benefits:

PERS Retirement Health Insurance Account

Plan Description

The City contributes to the PERS Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by PERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. ORS 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. PERS 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.

Funding Policy

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 from the RHIA established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating cities are contractually required to contribute to RHIA at a rate assessed each year by PERS, currently 0.59 percent of annual covered payroll. The Oregon PERS Board of Trustees sets the employer contribution rate. It is based on the annual required contribution of the combined participant employers. This is an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a closed period not to exceed 30 years. The City's contributions to RHIA for the year ended June 30, 2015 are included in the PERS annual pension amount.

CITY OF IRRIGON, OREGON
Notes to Basic Financial Statements

Note 11 - Risk Management:

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters; employee injury or illness for which the City carries commercial insurance, subject to customary deductibles and total coverage limits recommended by the City's insurance agent of record. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

Note 12 - Litigation:

The City is party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material adverse impact on the City. It is expected that insurance will cover any liabilities the City might incur.

Note 13 - Related Party Transaction:

Councilor Kenneth Matlack is the County Sheriff and the City contracts with the Sheriff's office for services. The City paid the County \$80,746 during the fiscal year for contracted services. Councilor Martin Brown works for IJCS, LLC. The City has used this company for maintenance items for many years. The City has paid this company \$879 for services since Mr. Brown has been a Councilor.

Note 14 - Change in Accounting Principal and Restatement of Prior Period Net Position

As described in Note 1, the City has implemented Governmental Accounting Standards Board Statements No. 68, Accounting and Financial Reporting for Pensions and No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Accordingly, the beginning net position was restated to book the net pension liability/asset and corresponding deferred outflows of resources as of July 1, 2014. The net effect of these restatements are as follows:

<u>Government-Wide Statements:</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net assets at July 1, 2014 - originally reported	\$ 3,426,556	\$ 8,121,239
Net pension liability/asset adjustment	<u>(64,614)</u>	<u>(161,323)</u>
Net assets at July 1, 2014 - restated	<u>\$ 3,361,942</u>	<u>\$ 7,959,916</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF IRRIGON, OREGON
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Property taxes	\$ 173,696	\$ 173,696	\$ 174,174
Franchise fees	68,600	68,600	65,073
Licenses and fees	5,200	5,200	4,021
Intergovernmental	48,300	123,300	125,208
Interest on investments	1,000	1,000	973
Other income	37,600	37,600	27,627
Total revenues	<u>334,396</u>	<u>409,396</u>	<u>397,076</u>
Expenditures			
Personnel services	180,800	180,800	89,236
Materials and services	196,133	271,133	165,279
Capital outlay	133,200	133,200	34,334
Total expenditures	<u>510,133</u>	<u>585,133</u>	<u>288,849</u>
Excess of revenues over (under) expenditures	<u>(175,737)</u>	<u>(175,737)</u>	<u>108,227</u>
Other Financing Sources (Uses)			
Transfers in	12,000	12,000	12,000
Transfers out	(89,000)	(89,000)	(84,000)
Total other financing sources (uses)	<u>(77,000)</u>	<u>(77,000)</u>	<u>(72,000)</u>
Net change in fund balance	(252,737)	(252,737)	36,227
Beginning fund balance	<u>261,100</u>	<u>261,100</u>	<u>209,924</u>
Ending fund balance	<u><u>\$ 8,363</u></u>	<u><u>\$ 8,363</u></u>	<u><u>\$ 246,151</u></u>

CITY OF IRRIGON, OREGON
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
State Street Fund - 020
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 130,200	\$ 130,200	\$ 105,762	\$ (24,438)
Interest on investments	500	500	164	(336)
Other income	700	700	1,176	476
Total revenues	<u>131,400</u>	<u>131,400</u>	<u>107,102</u>	<u>(24,298)</u>
Expenditures				
Personnel services	148,500	148,500	137,694	10,806
Materials and services	59,000	59,000	56,338	2,662
Capital outlay	50,000	50,000	82	49,918
Total expenditures	<u>257,500</u>	<u>257,500</u>	<u>194,114</u>	<u>63,386</u>
Excess of revenues over (under) expenditures	<u>(126,100)</u>	<u>(126,100)</u>	<u>(87,012)</u>	<u>39,088</u>
Other Finance Sources (Uses)				
Transfers in	80,000	80,000	80,000	-
Transfers out	(2,200)	(2,200)	(2,058)	142
Total other finance sources (uses)	<u>77,800</u>	<u>77,800</u>	<u>77,942</u>	<u>142</u>
Net change in fund balance	(48,300)	(48,300)	(9,070)	39,230
Beginning fund balance	<u>50,000</u>	<u>50,000</u>	<u>26,356</u>	<u>(23,644)</u>
Ending fund balance	<u><u>\$ 1,700</u></u>	<u><u>\$ 1,700</u></u>	<u><u>\$ 17,286</u></u>	<u><u>\$ 15,586</u></u>

CITY OF IRRIGON, OREGON
Notes to Required Supplementary Information

Budgets and Budgetary Accounting

The City budgets all funds which are subject to budget requirements of state law. The City Council legally adopts the budget by resolution before July 1. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. The level of control (total personal services, materials and services, capital outlay, and other expenditures) is established by resolution for all funds. The City budgets sub funds of the water and sewer fund that are combined in the supplemental information and presented as a single fund in the fund financial statements.

The detail budget document is required to contain more specific, detailed information for the aforementioned expenditure categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriations ordinance. A supplemental budget that differs by 10 percent or more of any one of the individual funds contained in the original budget for that fiscal year requires hearings before the public, publications in newspapers, and approval by the City Council. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the City Council. Appropriations that have not been expended at year-end lapse and subsequent actual expenditures are then charged against ensuing year's appropriations.

SUPPLEMENTARY INFORMATION

CITY OF IRRIGON, OREGON
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
General Funds
For the Fiscal Year Ended June 30, 2015

	10 General Fund	15 Vacation & Sick Leave Fund	17 Building Maintenance Fund	25 Street Equipment Reserve Fund	Total
Revenues					
Property taxes	\$ 174,174	\$ -	\$ -	\$ -	\$ 174,174
Licenses and fees	4,021	-	-	-	4,021
Intergovernmental	125,208	-	-	-	125,208
Miscellaneous:					
Franchise fees	65,073	-	-	-	65,073
Interest on investments	396	454	100	23	973
Other income	27,627	-	-	-	27,627
Total revenues	<u>396,499</u>	<u>454</u>	<u>100</u>	<u>23</u>	<u>397,076</u>
Expenditures					
Current:					
Personnel services	79,985	9,251	-	-	89,236
Materials and services	163,589	-	1,690	-	165,279
Capital outlay	34,334	-	-	-	34,334
Total expenditures	<u>277,908</u>	<u>9,251</u>	<u>1,690</u>	<u>-</u>	<u>288,849</u>
Excess of revenues over (under) expenditures	<u>118,591</u>	<u>(8,797)</u>	<u>(1,590)</u>	<u>23</u>	<u>108,227</u>
Other Financing Sources (Uses)					
Transfers in	-	7,000	4,000	1,000	12,000
Transfers out	(84,000)	-	-	-	(84,000)
Total other financing sources (uses)	<u>(84,000)</u>	<u>7,000</u>	<u>4,000</u>	<u>1,000</u>	<u>(72,000)</u>
Net change in fund balance	34,591	(1,797)	2,410	1,023	36,227
Beginning fund balance	102,608	86,558	16,713	4,045	209,924
Ending fund balance	<u>\$ 137,199</u>	<u>\$ 84,761</u>	<u>\$ 19,123</u>	<u>\$ 5,068</u>	<u>\$ 246,151</u>

CITY OF IRRIGON, OREGON
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
General Fund - 010
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 173,696	\$ 173,696	\$ 174,174	\$ 478
Franchise fees	68,600	68,600	65,073	(3,527)
Intergovernmental	48,300	123,300	125,208	1,908
Licenses and fees	5,200	5,200	4,021	(1,179)
Interest on investments	500	500	396	(104)
Other income	37,600	37,600	27,627	(9,973)
Total revenues	<u>333,896</u>	<u>408,896</u>	<u>396,499</u>	<u>(12,397)</u>
Expenditures				
Personnel services	88,500	88,500	79,985	8,515
Materials and services	185,033	260,033	163,589	96,444
Capital outlay	118,000	118,000	34,334	83,666
Total expenditures	<u>391,533</u>	<u>466,533</u>	<u>277,908</u>	<u>188,625</u>
Excess of revenues over (under) expenditures	(57,637)	(57,637)	118,591	176,228
Other Finance Sources (Uses)				
Transfers out	(89,000)	(89,000)	(84,000)	5,000
Net change in fund balance	(146,637)	(146,637)	34,591	181,228
Beginning fund balance	155,000	155,000	102,608	(52,392)
Ending fund balance	<u>\$ 8,363</u>	<u>\$ 8,363</u>	<u>\$ 137,199</u>	<u>\$ 128,836</u>

CITY OF IRRIGON, OREGON
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
Vacation and Sick Leave Reserve Fund - 015
For the Fiscal Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest on investments	\$ 300	\$ 300	\$ 454	\$ 154
Expenditures				
Personnel services	<u>92,300</u>	<u>92,300</u>	<u>9,251</u>	<u>83,049</u>
Excess of revenues over (under) expenditures	(92,000)	(92,000)	(8,797)	83,203
Other Finance Sources (Uses)				
Transfers in	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>	<u>-</u>
Net change in fund balance	(85,000)	(85,000)	(1,797)	83,203
Beginning fund balance	<u>85,000</u>	<u>85,000</u>	<u>86,558</u>	<u>1,558</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,761</u>	<u>\$ 84,761</u>

CITY OF IRRIGON, OREGON
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
Building Maintenance Fund - 017
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest on investments	\$ 100	\$ 100	\$ 100	\$ -
Expenditures				
Materials and services	11,100	11,100	1,690	9,410
Capital outlay	10,000	10,000	-	10,000
Total expenditures	<u>21,100</u>	<u>21,100</u>	<u>1,690</u>	<u>19,410</u>
Excess of revenues over (under) expenditures	(21,000)	(21,000)	(1,590)	19,410
Other Finance Sources (Uses)				
Transfers in	<u>4,000</u>	<u>4,000</u>	<u>4,000</u>	<u>-</u>
Net change in fund balance	(17,000)	(17,000)	2,410	19,410
Beginning fund balance	<u>17,000</u>	<u>17,000</u>	<u>16,713</u>	<u>(287)</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,123</u>	<u>\$ 19,123</u>

CITY OF IRRIGON, OREGON
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
Street Equipment Reseve Fund - 025
For the Fiscal Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest on investments	\$ 100	\$ 100	\$ 23	\$ (77)
Expenditures				
Capital outlay	<u>5,200</u>	<u>5,200</u>	<u>-</u>	<u>5,200</u>
Excess of revenues over (under) expenditures	(5,100)	(5,100)	23	5,123
Other Finance Sources (Uses)				
Transfers in	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
Net change in fund balance	(4,100)	(4,100)	1,023	5,123
Beginning fund balance	<u>4,100</u>	<u>4,100</u>	<u>4,045</u>	<u>(55)</u>
Ending fund balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,068</u></u>	<u><u>\$ 5,068</u></u>

CITY OF IRRIGON, OREGON
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	26	40	
	Bicycle & Foot Path Fund	Parks System Improvement Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Assets and Deferred Outflows of Resources			
Assets:			
Cash and investments	\$ 12,063	\$ 41,691	\$ 53,754
Deferred outflows of resources	-	-	-
Total assets and deferred outflows of resources	<u>\$ 12,063</u>	<u>\$ 41,691</u>	<u>\$ 53,754</u>
 Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Restricted	12,063	-	12,063
Committed	-	41,691	41,691
Total fund balances	<u>12,063</u>	<u>41,691</u>	<u>53,754</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 12,063</u>	<u>\$ 41,691</u>	<u>\$ 53,754</u>

CITY OF IRRIGON, OREGON
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2015

	26	40	
	Bicycle & Foot Path Fund	Parks System Improvement Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Revenues			
Miscellaneous:			
Interest on investments	\$ 59	\$ 225	\$ 284
Other income	-	1,000	1,000
Total revenues	<u> 59</u>	<u> 1,225</u>	<u> 1,284</u>
Expenditures			
Current:			
Materials and services	-	1,309	1,309
Capital outlay	-	5,872	5,872
Total expenditures	<u> -</u>	<u> 7,181</u>	<u> 7,181</u>
Excess of revenues over (under) expenditures	59	(5,956)	(5,897)
Other Financing Sources (Uses)			
Transfers in	<u> 1,058</u>	<u> -</u>	<u> 1,058</u>
Net change in fund balance	1,117	(5,956)	(4,839)
Beginning fund balance	<u> 10,946</u>	<u> 47,647</u>	<u> 58,593</u>
Ending fund balance	<u> \$ 12,063</u>	<u> \$ 41,691</u>	<u> \$ 53,754</u>

CITY OF IRRIGON, OREGON
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
Bicycle & Foot Path Fund - 026
For the Fiscal Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest on investments	\$ 100	\$ 100	\$ 59	\$ (41)
Expenditures				
Capital outlay	<u>12,400</u>	<u>12,400</u>	<u>-</u>	<u>12,400</u>
Excess of revenues over (under) expenditures	(12,300)	(12,300)	59	12,359
Other Finance Sources (Uses)				
Transfers in	<u>1,200</u>	<u>1,200</u>	<u>1,058</u>	<u>(142)</u>
Net change in fund balance	(11,100)	(11,100)	1,117	12,217
Beginning fund balance	<u>11,100</u>	<u>11,100</u>	<u>10,946</u>	<u>(154)</u>
Ending fund balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 12,063</u></u>	<u><u>\$ 12,063</u></u>

CITY OF IRRIGON, OREGON
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
Parks System Improvement Fund - 040
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest on investments	\$ 100	\$ 100	\$ 225	\$ 125
Other income	3,400	3,400	1,000	(2,400)
Total revenues	<u>3,500</u>	<u>3,500</u>	<u>1,225</u>	<u>(2,275)</u>
Expenditures				
Materials and services	9,000	9,000	1,309	7,691
Capital outlay	32,500	32,500	5,872	26,628
Total expenditures	<u>41,500</u>	<u>41,500</u>	<u>7,181</u>	<u>34,319</u>
Excess of revenues over (under) expenditures	(38,000)	(38,000)	(5,956)	32,044
Other Finance Sources (Uses)				
Transfers in	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>(5,000)</u>
Net change in fund balance	(33,000)	(33,000)	(5,956)	27,044
Beginning fund balance	<u>33,000</u>	<u>33,000</u>	<u>47,647</u>	<u>14,647</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,691</u>	<u>\$ 41,691</u>

CITY OF IRRIGON, OREGON
Combining Statement of Net Position
Water Funds
June 30, 2015

	60 Water Operation & Development Fund	61 Water Connection Fees Fund	65 Water Reserve Fund	67 Water Equipment Reserve Fund	68 Water Debt Service Fund	69 Water Bond Debt Service Fund	16 Water Deposit Common Trust Fund	Total
Assets								
Current assets:								
Cash and investments	\$ 45,745	\$ 43,668	\$ 15,863	\$ 9,386	\$ 27,842	\$ 10,165	\$ -	\$ 152,669
Taxes receivable	-	-	-	-	-	2,505	-	2,505
Accounts receivable	68,519	-	-	-	18,937	-	-	87,456
Total current assets	<u>114,264</u>	<u>43,668</u>	<u>15,863</u>	<u>9,386</u>	<u>46,779</u>	<u>12,670</u>	<u>-</u>	<u>242,630</u>
Noncurrent assets:								
Pension asset	31,384	-	-	-	-	-	-	31,384
Capital assets:								
Land	46,799	-	-	-	-	-	-	46,799
Buildings	268,493	-	-	-	-	-	-	268,493
Equipment	80,505	-	-	-	-	-	-	80,505
Improvements	5,428,875	-	-	-	-	-	-	5,428,875
Less: Accumulated depreciation	(930,223)	-	-	-	-	-	-	(930,223)
Total capital assets	<u>4,894,449</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,894,449</u>
Restricted cash	-	-	291,590	-	-	-	34,010	325,600
Total noncurrent assets	<u>4,925,833</u>	<u>-</u>	<u>291,590</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,010</u>	<u>5,251,433</u>
Total assets	<u>5,040,097</u>	<u>43,668</u>	<u>307,453</u>	<u>9,386</u>	<u>46,779</u>	<u>12,670</u>	<u>34,010</u>	<u>5,494,063</u>
Deferred Outflows of Resources								
Pension deferred outflows of resources	<u>14,978</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,978</u>
Liabilities								
Current liabilities:								
Customer deposits	-	-	-	-	-	-	33,843	33,843
Accounts payable	23,620	-	-	-	-	-	167	23,787
Unearned revenue	3,048	-	-	-	-	-	-	3,048
Accrued interest payable	-	-	-	-	16,723	1,160	-	17,883
Current bonds and notes payable	-	-	-	-	44,978	21,180	-	66,158
Total current liabilities	<u>26,668</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,701</u>	<u>22,340</u>	<u>34,010</u>	<u>144,719</u>
Noncurrent liabilities:								
Bonds and notes payable	-	-	-	-	813,323	1,570,134	-	2,383,457
Total liabilities	<u>26,668</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>875,024</u>	<u>1,592,474</u>	<u>34,010</u>	<u>2,528,176</u>
Deferred Inflows of Resources								
Pension deferred inflows of resources	<u>61,172</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,172</u>
Net Position								
Net investment in capital assets	4,894,449	-	-	-	(858,301)	(1,591,314)	-	2,444,834
Restricted for:								
System replacement	-	-	244,197	9,386	27,842	10,165	-	291,590
Unrestricted	<u>72,786</u>	<u>43,668</u>	<u>63,256</u>	<u>-</u>	<u>2,214</u>	<u>1,345</u>	<u>-</u>	<u>183,269</u>
Total net position	<u>\$ 4,967,235</u>	<u>\$ 43,668</u>	<u>\$ 307,453</u>	<u>\$ 9,386</u>	<u>\$ (828,245)</u>	<u>\$ (1,579,804)</u>	<u>\$ -</u>	<u>\$ 2,919,693</u>

CITY OF IRRIGON, OREGON
Combining Statement of Revenues, Expenses, and Changes in Net Position
Water Funds
For the Fiscal Year Ended June 30, 2015

	60 Water Operations & Development Fund	61 Water Connection Fees Fund	65 Water Reserve Fund	67 Water Equipment Reserve Fund	68 Water Debt Service Fund	69 Water Bond Debt Service Fund	16 Water Deposit Common Trust Fund	Total
Operating Revenues								
Charges for services	\$ 342,806	\$ 3,892	\$ -	\$ -	\$ 154,355	\$ -	\$ -	\$ 501,053
Grant income	27,896	-	-	-	-	-	-	27,896
Other income	1,348	-	-	-	-	-	-	1,348
Total operating revenues	<u>372,050</u>	<u>3,892</u>	<u>-</u>	<u>-</u>	<u>154,355</u>	<u>-</u>	<u>-</u>	<u>530,297</u>
Operating Expenses								
Personnel services	183,920	-	-	-	-	-	-	183,920
Materials and services	105,244	-	-	-	-	-	-	105,244
Depreciation	117,257	-	-	-	-	-	-	117,257
Total operating expenses	<u>406,421</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>406,421</u>
Operating income (loss)	<u>(34,371)</u>	<u>3,892</u>	<u>-</u>	<u>-</u>	<u>154,355</u>	<u>-</u>	<u>-</u>	<u>123,876</u>
Nonoperating Revenues (Expenses)								
Property taxes	-	-	-	-	-	88,231	-	88,231
Interest on investments	349	219	1,343	48	164	328	-	2,451
Interest expense	-	-	-	-	(29,320)	(70,493)	-	(99,813)
Total nonoperating revenues (expenses)	<u>349</u>	<u>219</u>	<u>1,343</u>	<u>48</u>	<u>(29,156)</u>	<u>18,066</u>	<u>-</u>	<u>(9,131)</u>
Income (loss) before transfers	(34,022)	4,111	1,343	48	125,199	18,066	-	114,745
Transfers in	-	-	105,400	4,000	-	3,088	-	112,488
Transfers out	(49,000)	-	-	-	(67,488)	-	-	(116,488)
Change in net position	(83,022)	4,111	106,743	4,048	57,711	21,154	-	110,745
Net position - beginning	5,108,900	39,557	200,710	5,338	(885,956)	(1,600,958)	-	2,867,591
Prior period adjustment	(58,643)	-	-	-	-	-	-	(58,643)
Total net position - ending	<u>\$ 4,967,235</u>	<u>\$ 43,668</u>	<u>\$ 307,453</u>	<u>\$ 9,386</u>	<u>\$ (828,245)</u>	<u>\$ (1,579,804)</u>	<u>\$ -</u>	<u>\$ 2,919,693</u>

CITY OF IRRIGON, OREGON
Statement of Cash Flows
Water Funds
For the Year Ended June 30, 2015

	60 Water Operations & Development Fund	61 Water Connection Fees Fund	65 Water Reserve Fund	67 Water Equipment Reserve Fund	68 Water Debt Service Fund	69 Water Bond Debt Service Fund	16 Water Deposit Common Trust Fund	Total
Cash Flows from Operating Activities:								
Receipts from customers	\$ 340,078	\$ 3,892	\$ -	\$ -	\$ 135,418	\$ -	\$ -	\$ 479,388
Other miscellaneous receipts	29,244	-	-	-	-	-	-	29,244
Payments to suppliers	(90,681)	-	-	-	-	-	167	(90,514)
Payments to employees	(227,753)	-	-	-	-	-	-	(227,753)
Net cash provided (used) by operating activities	<u>50,888</u>	<u>3,892</u>	<u>-</u>	<u>-</u>	<u>135,418</u>	<u>-</u>	<u>167</u>	<u>190,365</u>
Cash Flows from Noncapital Financing Activities:								
Transfers in (out)	(49,000)	-	105,400	4,000	(67,488)	3,088	-	(4,000)
Cash Flows from Capital and Related Financing Activities:								
Restricted for loan covenants	-	-	(110,302)	5,338	40,900	9,664	(6,067)	(60,467)
Property taxes	-	-	-	-	-	87,885	-	87,885
Customer deposits during the year	-	-	-	-	-	-	5,900	5,900
Payments on capital debt	-	-	-	-	(81,152)	(90,800)	-	(171,952)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>(110,302)</u>	<u>5,338</u>	<u>(40,252)</u>	<u>6,749</u>	<u>(167)</u>	<u>(138,634)</u>
Cash Flows from Investing Activities:								
Interest and dividends	349	219	1,343	48	164	328	-	2,451
Net increase (decrease) in cash and investments	2,237	4,111	(3,559)	9,386	27,842	10,165	-	50,182
Beginning cash and investments	43,508	39,557	19,422	-	-	-	-	102,487
Ending cash and investments	<u>\$ 45,745</u>	<u>\$ 43,668</u>	<u>\$ 15,863</u>	<u>\$ 9,386</u>	<u>\$ 27,842</u>	<u>\$ 10,165</u>	<u>\$ -</u>	<u>\$ 152,669</u>
Reconciliation of operating income to net cash provided (used) by operating activities:								
Operating income (loss)	\$ (34,371)	\$ 3,892	\$ -	\$ -	\$ 154,355	\$ -	\$ -	\$ 123,876
<i>Adjustments to reconcile operating income to net cash provided (used) by operating activities:</i>								
Depreciation	117,257	-	-	-	-	-	-	117,257
(Increase) decrease in accounts receivable	(4,448)	-	-	-	(18,937)	-	-	(23,385)
Increase (decrease) in accounts payable	14,563	-	-	-	-	-	167	14,730
Increase (decrease) in unearned revenue	1,720	-	-	-	-	-	-	1,720
(Increase) decrease in pension asset	(31,384)	-	-	-	-	-	-	(31,384)
Increase (decrease) in pension liability	(70,655)	-	-	-	-	-	-	(70,655)
(Increase) decrease in deferred outflows	(2,966)	-	-	-	-	-	-	(2,966)
Increase (decrease) in deferred inflows	61,172	-	-	-	-	-	-	61,172
Net cash provided (used) by operating activities	<u>\$ 50,888</u>	<u>\$ 3,892</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 135,418</u>	<u>\$ -</u>	<u>\$ 167</u>	<u>\$ 190,365</u>

CITY OF IRRIGON, OREGON
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
Water Operation & Development Fund - 060
For the Fiscal Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 343,000	\$ 343,000	\$ 342,806	\$ (194)
Interest on investments	500	500	349	(151)
Grant income	48,000	48,000	27,896	(20,104)
Other income	2,000	2,000	1,348	(652)
Total revenues	<u>393,500</u>	<u>393,500</u>	<u>372,399</u>	<u>(21,101)</u>
Expenditures				
Personnel services	242,700	242,700	227,753	14,947
Materials and services	146,000	146,000	105,244	40,756
Capital outlay	4,000	4,000	-	4,000
Contingency	6,000	6,000	-	6,000
Total expenditures	<u>398,700</u>	<u>398,700</u>	<u>332,997</u>	<u>65,703</u>
Excess of revenues over (under) expenditures	(5,200)	(5,200)	39,402	44,602
Other Finance Sources (Uses)				
Transfers out	(49,000)	(49,000)	(49,000)	-
Net change in fund balance	(54,200)	(54,200)	(9,598)	44,602
Beginning fund balance	<u>64,000</u>	<u>64,000</u>	<u>97,194</u>	<u>33,194</u>
Ending fund balance	<u>\$ 9,800</u>	<u>\$ 9,800</u>	<u>87,596</u>	<u>\$ 77,796</u>
<u>Adjustments to GAAP</u>				
Capital assets, net			4,894,449	
Pension asset			31,384	
Pension deferred outflow			14,978	
Pension deferred inflow			(61,172)	
			<u>\$ 4,967,235</u>	
<u>Detail of Fund Balance</u>				
Accounts receivable			\$ 68,519	
Cash and investments			45,745	
Unearned revenue			(3,048)	
Accounts payable			(23,620)	
			<u>\$ 87,596</u>	

CITY OF IRRIGON, OREGON
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
Water Connection Fees Fund - 061
For the Fiscal Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ -	\$ -	\$ 3,892	\$ 3,892
Interest on investments	100	100	219	119
Other income	4,000	4,000	-	(4,000)
Total revenues	<u>4,100</u>	<u>4,100</u>	<u>4,111</u>	<u>11</u>
Expenditures				
Capital outlay	<u>53,100</u>	<u>53,100</u>	<u>-</u>	<u>53,100</u>
Net change in fund balance	(49,000)	(49,000)	4,111	53,111
Beginning fund balance	<u>49,000</u>	<u>49,000</u>	<u>39,557</u>	<u>(9,443)</u>
Ending fund balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 43,668</u></u>	<u><u>\$ 43,668</u></u>

Detail of Fund Balance

Cash and investments	<u>\$ 43,668</u>
	<u><u>\$ 43,668</u></u>

CITY OF IRRIGON, OREGON
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
Water Reserve Fund - 065
For the Fiscal Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest on investments	\$ 1,000	\$ 1,000	\$ 1,343	\$ 343
Expenditures				
Materials and services	10,500	10,500	-	10,500
Capital outlay	296,600	296,600	-	296,600
Total expenditures	<u>307,100</u>	<u>307,100</u>	<u>-</u>	<u>307,100</u>
Excess of revenues over (under) expenditures	(306,100)	(306,100)	1,343	307,443
Other Finance Sources (Uses)				
Transfers in	<u>105,400</u>	<u>105,400</u>	<u>105,400</u>	<u>-</u>
Net change in fund balance	(200,700)	(200,700)	106,743	307,443
Beginning fund balance	<u>200,700</u>	<u>200,700</u>	<u>200,710</u>	<u>10</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 307,453</u>	<u>\$ 307,453</u>
<u>Detail of Fund Balance</u>				
			\$ 15,863	
			<u>291,590</u>	
			<u>\$ 307,453</u>	

CITY OF IRRIGON, OREGON
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
Water Equipment Reserve Fund - 067
For the Fiscal Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest on investments	\$ 100	\$ 100	\$ 48	\$ (52)
Expenditures				
Capital outlay	<u>9,400</u>	<u>9,400</u>	<u>-</u>	<u>9,400</u>
Excess of revenues over (under) expenditures	(9,300)	(9,300)	48	9,348
Other Finance Sources (Uses)				
Transfers in	<u>4,000</u>	<u>4,000</u>	<u>4,000</u>	<u>-</u>
Net change in fund balance	(5,300)	(5,300)	4,048	9,348
Beginning fund balance	<u>5,300</u>	<u>5,300</u>	<u>5,338</u>	<u>38</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,386</u>	<u>\$ 9,386</u>
<u>Detail of Fund Balance</u>				
			<u>\$ 9,386</u>	

CITY OF IRRIGON, OREGON
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
Water Debt Service Fund - 068
For the Fiscal Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest on investments	\$ 200	\$ 200	\$ 164	\$ (36)
Charges for services	147,388	147,388	154,355	6,967
Total revenues	<u>147,588</u>	<u>147,588</u>	<u>154,519</u>	<u>6,931</u>
Expenditures				
Debt service	<u>80,300</u>	<u>80,300</u>	<u>80,151</u>	<u>149</u>
Excess of revenues over (under) expenditures	67,288	67,288	74,368	7,080
Other Finance Sources (Uses)				
Transfers out	<u>(67,488)</u>	<u>(67,488)</u>	<u>(67,488)</u>	<u>-</u>
Net change in fund balance	(200)	(200)	6,880	7,080
Beginning fund balance	<u>22,300</u>	<u>22,300</u>	<u>23,176</u>	<u>876</u>
Ending fund balance	<u><u>\$ 22,100</u></u>	<u><u>\$ 22,100</u></u>	<u>30,056</u>	<u><u>\$ 7,956</u></u>
<u>Adjustments to GAAP</u>				
Bonds payable			<u>(858,301)</u>	
			<u><u>\$ (828,245)</u></u>	
<u>Detail of Fund Balance</u>				
Cash and investments			\$ 27,842	
Accounts receivable			18,937	
Accrued interest payable			<u>(16,723)</u>	
			<u><u>\$ 30,056</u></u>	

CITY OF IRRIGON, OREGON
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
Water Debt Service for General Obligation Bonds Fund - 069
For the Fiscal Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 87,712	\$ 87,712	\$ 88,231	\$ 519
Interest on investments	100	100	328	228
Total revenues	<u>87,812</u>	<u>87,812</u>	<u>88,559</u>	<u>747</u>
Expenditures				
Debt service	<u>90,800</u>	<u>90,800</u>	<u>90,785</u>	<u>15</u>
Excess of revenues over (under) expenditures	(2,988)	(2,988)	(2,226)	762
Other Finance Sources (Uses)				
Transfers in	<u>3,088</u>	<u>3,088</u>	<u>3,088</u>	<u>-</u>
Net change in fund balance	100	100	862	762
Beginning fund balance	<u>8,400</u>	<u>8,400</u>	<u>10,648</u>	<u>2,248</u>
Ending fund balance	<u><u>\$ 8,500</u></u>	<u><u>\$ 8,500</u></u>	<u>11,510</u>	<u><u>\$ 3,010</u></u>
<u>Adjustments to GAAP</u>				
Bonds payable			<u>(1,591,314)</u>	
			<u><u>\$ (1,579,804)</u></u>	
<u>Detail of Fund Balance</u>				
Cash and investments			\$ 10,165	
Taxes receivable			2,505	
Accrued interest payable			<u>(1,160)</u>	
			<u><u>\$ 11,510</u></u>	

CITY OF IRRIGON, OREGON
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
Water Deposit Common Trust Fund - 016
For the Fiscal Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Beginning fund balance	-	-	-	-
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Detail of Fund Balance

Customer Deposits	\$ (33,843)
Restricted cash	34,010
Accounts Payable	<u>(167)</u>
	<u>\$ -</u>

CITY OF IRRIGON, OREGON
Combining Statement of Net Position
Sewer Funds
June 30, 2015

	70 Sewer Operation & Development Fund	71 Sewer Connections Fees Fund	75 Sewer Reserve Fund	76 Sewer Equipment Reserve Fund	78 Sewer Debt Service Fund	79 Sewer Bond Debt Service Fund	Total
Assets							
Current assets:							
Cash and investments	\$ 68,321	\$ 40,655	\$ 102,324	\$ 54,282	\$ 14,353	\$ 141,734	\$ 421,669
Taxes receivable	-	-	-	-	-	3,252	3,252
Accounts receivable	52,291	-	-	-	23,283	-	75,574
Total current assets	<u>120,612</u>	<u>40,655</u>	<u>102,324</u>	<u>54,282</u>	<u>37,636</u>	<u>144,986</u>	<u>500,495</u>
Noncurrent assets:							
Pension asset	54,950	-	-	-	-	-	54,950
Capital assets:							
Land	10,983	-	-	-	-	-	10,983
Buildings	396,419	-	-	-	-	-	396,419
Equipment	135,684	-	-	-	-	-	135,684
Improvements	11,537,294	-	-	-	-	-	11,537,294
Less: Accumulated depreciation	(2,429,391)	-	-	-	-	-	(2,429,391)
Total capital assets	9,650,989	-	-	-	-	-	9,650,989
Restricted cash	-	-	-	-	58,742	-	58,742
Total noncurrent assets	<u>9,705,939</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,742</u>	<u>-</u>	<u>9,764,681</u>
Total assets	<u>9,826,551</u>	<u>40,655</u>	<u>102,324</u>	<u>54,282</u>	<u>96,378</u>	<u>144,986</u>	<u>10,265,176</u>
Deferred Outflows of Resources							
Pension deferred outflows of resources	17,772	-	-	-	-	-	17,772
Liabilities							
Current liabilities:							
Accounts payable	21,441	-	-	-	-	-	21,441
Accrued interest payable	-	-	-	-	39,985	59,474	99,459
Current bonds and notes payable	-	-	-	-	79,549	41,552	121,101
Total current liabilities	<u>21,441</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>119,534</u>	<u>101,026</u>	<u>242,001</u>
Noncurrent liabilities:							
Bonds and notes payable	-	-	-	-	2,208,820	2,532,984	4,741,804
Total liabilities	<u>21,441</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,328,354</u>	<u>2,634,010</u>	<u>4,983,805</u>
Deferred Inflows of Resources							
Pension deferred inflows of resources	107,107	-	-	-	-	-	107,107
Net Position							
Net investment in capital assets	9,650,989	-	-	-	(2,288,369)	(2,574,536)	4,788,084
Restricted for:							
Debt service	-	-	-	-	58,742	-	58,742
Unrestricted	64,786	40,655	102,324	54,282	(2,349)	85,512	345,210
Total net position	<u>\$ 9,715,775</u>	<u>\$ 40,655</u>	<u>\$ 102,324</u>	<u>\$ 54,282</u>	<u>\$ (2,231,976)</u>	<u>\$ (2,489,024)</u>	<u>\$ 5,192,036</u>

CITY OF IRRIGON, OREGON
Combining Statement of Revenues, Expenses, and Changes in Net Position
Sewer Funds
For the Fiscal Year Ended June 30, 2015

	70 Sewer Operation & Development Fund	71 Sewer Connections Fees Fund	75 Sewer Reserve Fund	76 Sewer Equipment Reserve Fund	78 Sewer Debt Service Fund	79 Sewer Bond Debt Service Fund	Total
Operating Revenues							
Charges for services	\$ 452,435	\$ 5,252	\$ -	\$ -	\$ 189,447	\$ -	\$ 647,134
Other income	1,306	-	-	8,000	-	-	9,306
Total operating revenues	<u>453,741</u>	<u>5,252</u>	<u>-</u>	<u>8,000</u>	<u>189,447</u>	<u>-</u>	<u>656,440</u>
Operating Expenses							
Personnel services	202,308	-	-	-	-	-	202,308
Materials and services	106,163	-	-	-	-	-	106,163
Depreciation	242,683	-	-	-	-	-	242,683
Total operating expenses	<u>551,154</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>551,154</u>
Operating income (loss)	<u>(97,413)</u>	<u>5,252</u>	<u>-</u>	<u>8,000</u>	<u>189,447</u>	<u>-</u>	<u>105,286</u>
Nonoperating Revenues (Expenses)							
Property taxes	-	-	-	-	-	137,071	137,071
Interest on investments	188	201	466	269	441	784	2,349
Grants	-	-	-	-	-	-	-
Interest expense	-	-	-	-	(90,444)	(110,194)	(200,638)
Total nonoperating revenues (expenses)	<u>188</u>	<u>201</u>	<u>466</u>	<u>269</u>	<u>(90,003)</u>	<u>27,661</u>	<u>(61,218)</u>
Income (loss) before transfers	<u>(97,225)</u>	<u>5,453</u>	<u>466</u>	<u>8,269</u>	<u>99,444</u>	<u>27,661</u>	<u>44,068</u>
Transfers in	-	-	30,000	1,000	-	15,958	46,958
Transfers out	<u>(34,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,958)</u>	<u>-</u>	<u>(49,958)</u>
Change in net position	<u>(131,225)</u>	<u>5,453</u>	<u>30,466</u>	<u>9,269</u>	<u>83,486</u>	<u>43,619</u>	<u>41,068</u>
Net position - beginning	9,949,680	35,202	71,858	45,013	(2,315,462)	(2,532,643)	5,253,648
Prior period adjustment	<u>(102,680)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(102,680)</u>
Total net position - ending	<u>\$ 9,715,775</u>	<u>\$ 40,655</u>	<u>\$ 102,324</u>	<u>\$ 54,282</u>	<u>\$ (2,231,976)</u>	<u>\$ (2,489,024)</u>	<u>\$ 5,192,036</u>

CITY OF IRRIGON, OREGON
Statement of Cash Flows
Sewer Funds
For the Year Ended June 30, 2015

	70 Sewer Operation & Development Fund	71 Sewer Connections Fees Fund	75 Sewer Reserve Fund	76 Sewer Equipment Reserve Fund	78 Sewer Debt Service Fund	79 Sewer Bond Debt Service Fund	Total
Cash Flows from Operating Activities:							
Receipts from customers	\$ 465,466	\$ 5,252	\$ -	\$ -	\$ 166,164	\$ -	\$ 636,882
Other miscellaneous receipts	1,306	-	-	8,000	-	-	9,306
Payments (to) from suppliers	(94,302)	-	-	(6,000)	-	-	(100,302)
Payments to employees	(270,603)	-	-	-	-	-	(270,603)
Net cash provided (used) by operating activities	<u>101,867</u>	<u>5,252</u>	<u>-</u>	<u>2,000</u>	<u>166,164</u>	<u>-</u>	<u>275,283</u>
Cash Flows from Noncapital Financing Activities:							
Transfers in (out)	(34,000)	-	30,000	1,000	(15,958)	15,958	(3,000)
Net cash provided (used) by noncapital financing activities	<u>(34,000)</u>	<u>-</u>	<u>30,000</u>	<u>1,000</u>	<u>(15,958)</u>	<u>15,958</u>	<u>(3,000)</u>
Cash Flows from Capital and Related Financing Activities:							
Restricted for loan covenants	-	-	-	-	(3,145)	-	(3,145)
Property taxes	-	-	-	-	-	135,990	135,990
Payments on capital debt	-	-	-	-	(197,845)	(150,970)	(348,815)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(200,990)</u>	<u>(14,980)</u>	<u>(215,970)</u>
Cash Flows from Investing Activities:							
Interest and dividends	188	201	466	269	441	784	2,349
Net increase (decrease) in cash and investments	68,055	5,453	30,466	3,269	(50,343)	1,762	58,662
Beginning cash and investments	266	35,202	71,858	51,013	64,696	139,972	363,007
Ending cash and investments	<u>\$ 68,321</u>	<u>\$ 40,655</u>	<u>\$ 102,324</u>	<u>\$ 54,282</u>	<u>\$ 14,353</u>	<u>\$ 141,734</u>	<u>\$ 421,669</u>
Reconciliation of operating income to net cash provided (used) by operating activities:							
Operating income (loss)	\$ (97,413)	\$ 5,252	\$ -	\$ 8,000	\$ 189,447	\$ -	\$ 105,286
<i>Adjustments to reconcile operating income to net cash provided (used) by operating activities:</i>							
Depreciation	242,683	-	-	-	-	-	242,683
(Increase) decrease in accounts receivable	13,031	-	-	-	(23,283)	-	(10,252)
Increase (decrease) in accounts payable	11,861	-	-	(6,000)	-	-	5,861
(Increase) decrease in pension asset	(54,950)	-	-	-	-	-	(54,950)
Increase (decrease) in pension liability	(123,712)	-	-	-	-	-	(123,712)
(Increase) decrease in deferred outflows	3,260	-	-	-	-	-	3,260
Increase (decrease) in deferred inflows	107,107	-	-	-	-	-	107,107
Net cash provided (used) by operating activities	<u>\$ 101,867</u>	<u>\$ 5,252</u>	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ 166,164</u>	<u>\$ -</u>	<u>\$ 275,283</u>

CITY OF IRRIGON, OREGON
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
Sewer Operation & Development Fund - 070
For the Fiscal Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 437,200	\$ 437,200	\$ 452,435	\$ 15,235
Interest on investments	1,000	1,000	188	(812)
Other income	11,000	11,000	1,306	(9,694)
Total revenues	<u>449,200</u>	<u>449,200</u>	<u>453,929</u>	<u>4,729</u>
Expenditures				
Personnel services	281,000	281,000	270,603	10,397
Materials and services	114,000	114,000	106,163	7,837
Capital outlay	8,200	8,200	-	8,200
Contingency	11,800	11,800	-	11,800
Total expenditures	<u>415,000</u>	<u>415,000</u>	<u>376,766</u>	<u>38,234</u>
Excess of revenues over (under) expenditures	34,200	34,200	77,163	42,963
Other Finance Sources (Uses)				
Transfers out	<u>(34,000)</u>	<u>(34,000)</u>	<u>(34,000)</u>	<u>-</u>
Net change in fund balance	200	200	43,163	42,963
Beginning fund balance	<u>24,800</u>	<u>24,800</u>	<u>56,008</u>	<u>31,208</u>
Ending fund balance	<u>\$ 25,000</u>	<u>\$ 25,000</u>	99,171	<u>\$ 74,171</u>
<u>Adjustments to GAAP</u>				
Capital assets, net			9,650,989	
Pension asset			54,950	
Pension deferred outflow			17,772	
Pension deferred inflow			<u>(107,107)</u>	
			<u>\$ 9,715,775</u>	
<u>Detail of Fund Balance</u>				
Cash and investments			\$ 68,321	
Accounts receivable			52,291	
Accounts payable			<u>(21,441)</u>	
			<u>\$ 99,171</u>	

CITY OF IRRIGON, OREGON
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
Sewer Connection Fees Fund - 071
For the Fiscal Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 5,200	\$ 5,200	\$ 5,252	\$ 52
Interest on investments	100	100	201	101
Total revenues	<u>5,300</u>	<u>5,300</u>	<u>5,453</u>	<u>153</u>
Expenditures				
Capital outlay	<u>37,900</u>	<u>37,900</u>	<u>-</u>	<u>37,900</u>
Net change in fund balance	(32,600)	(32,600)	5,453	38,053
Beginning fund balance	<u>32,600</u>	<u>32,600</u>	<u>35,202</u>	<u>2,602</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,655</u>	<u>\$ 40,655</u>
 <u>Detail of Fund Balance</u>				
Cash and investments			<u>\$ 40,655</u>	

CITY OF IRRIGON, OREGON
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
Sewer Reserve Fund - 075
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest on investments	\$ 500	\$ 500	\$ 466	\$ (34)
Expenditures				
Materials and services	45,000	45,000	-	45,000
Capital outlay	60,700	60,700	-	60,700
Total expenditures	105,700	105,700	-	105,700
Excess of revenues over (under) expenditures	(105,200)	(105,200)	466	105,666
Other Finance Sources (Uses)				
Transfers in	30,000	30,000	30,000	-
Net change in fund balance	(75,200)	(75,200)	30,466	105,666
Beginning fund balance	75,200	75,200	71,858	(3,342)
Ending fund balance	\$ -	\$ -	\$ 102,324	\$ 102,324
<u>Detail of Fund Balance</u>				
Cash and investments			\$ 102,324	

CITY OF IRRIGON, OREGON
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
Sewer Equipment Reserve Fund - 076
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Interest on investments	\$ 500	\$ 500	\$ 269	\$ (231)
Other income	-	-	8,000	8,000
Total revenues	500	500	8,269	7,769
Expenditures				
Capital outlay	46,500	46,500	-	46,500
Excess of revenues over (under) expenditures	(46,000)	(46,000)	8,269	54,269
Other Finance Sources (Uses)				
Transfers in	1,000	1,000	1,000	-
Net change in fund balance	(45,000)	(45,000)	9,269	54,269
Beginning fund balance	45,000	45,000	45,013	13
Ending fund balance	\$ -	\$ -	\$ 54,282	\$ 54,282
<u>Detail of Fund Balance</u>				
			\$ 54,282	

CITY OF IRRIGON, OREGON
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
Sewer Debt Service Fund - 078
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Interest on investments	\$ 500	\$ 500	\$ 441	\$ (59)
Charges for services	185,158	185,158	189,447	4,289
Total revenues	185,658	185,658	189,888	4,230
Expenditures				
Debt service	196,640	196,640	195,952	688
Excess of revenues over (under) expenditures	(10,982)	(10,982)	(6,064)	4,918
Other Finance Sources (Uses)				
Transfers out	(15,958)	(15,958)	(15,958)	-
Net change in fund balance	(26,940)	(26,940)	(22,022)	4,918
Beginning fund balance	92,000	92,000	78,415	(13,585)
Ending fund balance	\$ 65,060	\$ 65,060	56,393	\$ (8,667)
Adjustments to GAAP				
Bonds and notes payable			(2,288,369)	
			\$ (2,231,976)	
Detail of Fund Balance				
Cash and investments			\$ 14,353	
Restricted cash			58,742	
Accounts receivable			23,283	
Accrued interest payable			(39,985)	
			\$ 56,393	

CITY OF IRRIGON, OREGON
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
Sewer Debt Service for General Obligation Bonds Fund - 079
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 135,012	\$ 135,012	\$ 137,071	\$ 2,059
Interest on investments	400	400	784	384
Total revenues	135,412	135,412	137,855	2,443
Expenditures				
Debt service	150,060	150,060	150,053	7
Excess of revenues over (under) expenditures	(14,648)	(14,648)	(12,198)	2,450
Other Finance Sources (Uses)				
Transfers in	15,958	15,958	15,958	-
Net change in fund balance	1,310	1,310	3,760	2,450
Beginning fund balance	95,500	95,500	81,752	(13,748)
Ending fund balance	\$ 96,810	\$ 96,810	85,512	\$ (11,298)
<u>Adjustments to GAAP</u>				
			(2,574,536)	
			\$ (2,489,024)	
<u>Detail of Fund Balance</u>				
			\$ 141,734	
			3,252	
			(59,474)	
			\$ 85,512	

CITY OF IRRIGON, OREGON
Comparative Statement of Net Position
Proprietary Funds
June 30, 2015

	<u>Water System</u>		<u>Sewer System</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Assets				
Current assets:				
Cash and investments	\$ 152,669	\$ 102,487	\$ 421,669	\$ 363,007
Taxes receivable	2,505	2,159	3,252	2,171
Accounts receivable	87,456	64,071	75,574	65,322
Total current assets	<u>242,630</u>	<u>168,717</u>	<u>500,495</u>	<u>430,500</u>
Noncurrent assets:				
Pension asset	31,384	-	54,950	-
Capital assets:				
Land	46,799	46,799	10,983	10,983
Buildings	268,493	268,493	396,419	396,419
Equipment	80,505	80,505	135,684	153,284
Improvements	5,428,875	5,428,875	11,537,294	11,537,294
Less: Accumulated depreciation	(930,223)	(812,966)	(2,429,391)	(2,204,308)
Total capital assets	<u>4,894,449</u>	<u>5,011,706</u>	<u>9,650,989</u>	<u>9,893,672</u>
Restricted cash	325,600	265,133	58,742	55,597
Total noncurrent assets	<u>5,251,433</u>	<u>5,276,839</u>	<u>9,764,681</u>	<u>9,949,269</u>
Total assets	<u>5,494,063</u>	<u>5,445,556</u>	<u>10,265,176</u>	<u>10,379,769</u>
Deferred Outflows of Resources	<u>14,978</u>	<u>-</u>	<u>17,772</u>	<u>-</u>
Liabilities				
Current liabilities:				
Accounts payable	23,787	9,057	21,441	15,580
Customer deposits	33,843	27,943	-	-
Unearned revenue	3,048	1,328	-	-
Accrued interest payable	17,883	18,899	99,459	102,269
Current bonds and notes payable	66,158	69,754	121,101	115,367
Total current liabilities	<u>144,719</u>	<u>126,981</u>	<u>242,001</u>	<u>233,216</u>
Noncurrent liabilities:				
Bonds and notes payable	2,383,457	2,450,984	4,741,804	4,892,905
Total liabilities	<u>2,528,176</u>	<u>2,577,965</u>	<u>4,983,805</u>	<u>5,126,121</u>
Deferred Inflows of Resources	<u>61,172</u>	<u>-</u>	<u>107,107</u>	<u>-</u>
Net Position				
Net investment in capital assets	2,444,834	2,490,968	4,788,084	4,885,400
Restricted for:				
Debt service	-	10,000	58,742	55,597
System replacement	291,590	227,190	-	-
Unrestricted	183,269	139,433	345,210	312,651
Total net position	<u>\$ 2,919,693</u>	<u>\$ 2,867,591</u>	<u>\$ 5,192,036</u>	<u>\$ 5,253,648</u>

CITY OF IRRIGON, OREGON
Comparative Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2015

	<u>Water System</u>		<u>Sewer System</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Operating Revenues				
Charges for services	\$ 501,053	\$ 599,516	\$ 647,134	\$ 665,043
Grant income	27,896	-	-	-
Other income	1,348	1,354	9,306	865
Total operating revenues	<u>530,297</u>	<u>600,870</u>	<u>656,440</u>	<u>665,908</u>
Operating Expenses				
Personnel services	183,920	181,967	202,308	315,178
Materials and services	105,244	84,575	106,163	108,578
Depreciation	117,257	116,565	242,683	217,977
Total operating expenses	<u>406,421</u>	<u>383,107</u>	<u>551,154</u>	<u>641,733</u>
Operating income (loss)	<u>123,876</u>	<u>217,763</u>	<u>105,286</u>	<u>24,175</u>
Nonoperating Revenues (Expenses)				
Property taxes	88,231	80,140	137,071	60,519
Interest on investments	2,451	1,655	2,349	2,168
Grant income	-	-	-	43,453
Interest expense	(99,813)	(102,512)	(200,638)	(202,405)
Total nonoperating revenues (expenses)	<u>(9,131)</u>	<u>(20,717)</u>	<u>(61,218)</u>	<u>(96,265)</u>
Income (loss) before transfers	114,745	197,046	44,068	(72,090)
Transfers in	112,488	189,676	46,958	369,750
Transfers out	(116,488)	(192,676)	(49,958)	(372,400)
Change in net position	110,745	194,046	41,068	(74,740)
Net position - beginning	2,867,591	2,673,545	5,253,648	5,317,374
Restatement prior period net position	(58,643)	-	(102,680)	11,014
Total net position - ending	<u>\$ 2,919,693</u>	<u>\$ 2,867,591</u>	<u>\$ 5,192,036</u>	<u>\$ 5,253,648</u>

OTHER FINANCIAL SCHEDULES

CITY OF IRRIGON, OREGON
Schedule of Property Tax Transactions
For the Fiscal Year Ended June 30, 2015

<u>Tax Year</u>	<u>Uncollected Taxes July 1, 2014</u>	<u>Current Tax Levy</u>	<u>Less: Collections 2014-2015</u>	<u>Adjustments & Discounts</u>	<u>Uncollected Taxes June 30, 2015</u>
2014-15	\$ -	\$ 410,597	\$ 394,235	\$ (11,571)	\$ 4,791
2013-14	4,464	-	1,447	(655)	2,362
2012-13	2,940	-	1,043	(43)	1,854
2011-12	1,105	-	557	(5)	543
2010-11	500	-	454	(4)	42
2009-10	33	-	14	(5)	14
2008-09	19	-	2	(6)	11
Prior	38	-	11	5	32
	<u>\$ 9,099</u>	<u>\$ 410,597</u>	<u>\$ 397,763</u>	<u>\$ (12,284)</u>	9,649
			Undistributed taxes from County		1,820
					<u>\$ 11,469</u>

Reconciliation with City Recorder's books:

	<u>Total</u>	<u>General Fund</u>	<u>Sewer & Water Funds</u>
Tax collections (shown above)	\$ 397,763	\$ 173,683	\$ 224,080
Interest and miscellaneous fees	1,713	491	1,222
Total tax revenues per fund financial statements	<u>\$ 399,476</u>	<u>\$ 174,174</u>	<u>\$ 225,302</u>

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

LEWIS, POE, MOELLER, GUNDERSON & ROBERTS, LLC

CERTIFIED PUBLIC ACCOUNTANTS

1121 ADAMS AVENUE • P.O. BOX 1024

LA GRANDE, OREGON 97850-1024

**Independent Auditor's Report
Required by Oregon State Regulations**

Members of the City Council
City of Irrigon
P.O. Box 428
Irrigon, Oregon 97844

We have audited the basic financial statements of the City of Irrigon as of and for the year ended June 30, 2015, and have issued our report thereon dated October 15th, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Irrigon'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 Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions and repayment.**
- **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, 279C).**

The independent elected officials of the City of Irrigon do not collect or receive money and are, therefore, not subject to the requirements of OAR 162-10-140.

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

1. The City did not comply with ORS 279C.305. The City did not file with the Commissioner of the Bureau of Labor and industries, 30 days prior to the adoption of the budget for the subsequent budget period, a list of every public improvement known to the City that they planned to fund in the budget period. The City will make this notification now.

OAR 162-10-0230 Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Irrigon's internal control over financial reporting 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 of Irrigon's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Irrigon's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, we identified a certain deficiency in internal control that we consider to be a material weakness.

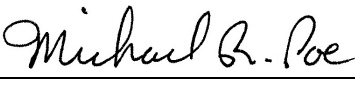
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination 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. We consider the deficiency described in our report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements in accordance with Government Auditing Standards dated October 15th, 2015, presented in this reporting package, to be a material weakness.

A significant deficiency is a deficiency, or 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.

Purpose of this Report

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

LEWIS, POE, MOELLER, GUNDERSON & ROBERTS, LLC
Certified Public Accountants

By 

Michael R. Poe, CPA
Owner/Member

La Grande, Oregon
October 15th, 2015

LEWIS, POE, MOELLER, GUNDERSON & ROBERTS, LLC

CERTIFIED PUBLIC ACCOUNTANTS

1121 ADAMS AVENUE • P.O. BOX 1024

LA GRANDE, OREGON 97850-1024

**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***

To the City Council
City of Irrigon
Irrigon, OR 97844

We have audited, in accordance with the 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 City of Irrigon, Oregon, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise City of Irrigon, Oregon's basic financial statements, and have issued our report thereon dated October 15th, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Irrigon, Oregon'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 City of Irrigon, Oregon's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Irrigon, Oregon's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, we identified a certain deficiency in internal control that we consider to be a material weakness.

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

2015-1: Condition: The Financial Officer has the ability to prepare all the individual fund financial statements including the Budgetary Comparison Schedules. However, the City does rely on us as the auditor to assist them in drafting the Government-Wide Financial Statements. In addition, we verify that the financial statements, including note disclosures, contain all of the elements required to comply with the accounting principles generally accepted in the United States of America. We do believe the City has staff with the ability to understand, review, and take responsibility for the financial statements which is required to comply with independence standards outlined under both *Government Auditing Standards* and *AICPA 101-3*. However, our assistance in drafting the financial statements described above does produce a material weakness in the City's internal control system as defined by AU 265.

Criteria: Auditing standards require us to assess the internal control system of the entity. In addition, the standards clearly state that the auditor cannot be relied upon as part of the entity's internal control system. Statement on Auditing Standards AU 265, *Communicating Internal Control Related Matters Identified in an Audit* defines the reporting requirements for internal control related matters. One aspect of this standard requires us to extend this assessment to controls over financial statement presentation. Proper controls over financial statement presentation require adequate knowledge and involvement to detect errors and omissions in the financial statements.

Cause: This condition is caused by the Financial Officer's limited experience in presenting financial information in the form of financial statements and the City of Irrigon's reliance upon the auditors to perform these functions.

Effect: Since the financial statements and related note disclosures are prepared by independent auditors annually there is no effect caused by this condition.

Views of Responsible Officials and Recommendations: We do not recommend any change in the preparation of the financial statements, but the City Council should be aware of this control deficiency and stress the importance of thorough review of the financial statements prior to approval of the audit. The City officials are in agreement with the condition and recommendation stated above.

Action Taken: As recommended above, the City has not made any change in the preparation of the financial statements. The City does not feel it is cost effective to hire additional staff or an independent contractor to prepare the financial statements.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

City of Irrigon, Oregon's Response to Findings

City of Irrigon, Oregon's response to the finding identified in our audit is described previously.

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.

LEWIS, POE, MOELLER, GUNDERSON & ROBERTS, LLC
Certified Public Accountants

By Michael R. Poe
Michael R. Poe, CPA
Owner/Member

La Grande, Oregon
October 15th, 2015