



Washington State Auditor's Office

Independence • Respect • Integrity

Financial Statements and Federal Single Audit Report

City of Camas

Clark County

For the period January 1, 2014 through December 31, 2014

Published May 26, 2015

Report No. 1014340





Washington State Auditor

May 26, 2015

Mayor and City Council
City of Camas
Camas, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the City of Camas' financial statements and compliance with federal laws and regulations.

We are issuing this report in order to provide information on the City's financial condition.

Sincerely,

A handwritten signature in black ink, reading "Jan M. Jutte".

JAN M. JUTTE, CPA, CGFM
ACTING STATE AUDITOR
OLYMPIA, WA

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FEDERAL SUMMARY

City of Camas
Clark County
January 1, 2014 through December 31, 2014

The results of our audit of the City of Camas are summarized below in accordance with U.S. Office of Management and Budget Circular A-133.

Financial Statements

An unmodified opinion was issued on the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information.

Internal Control Over Financial Reporting:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the City.

Federal Awards

Internal Control Over Major Programs:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We issued an unmodified opinion on the City's compliance with requirements applicable to its major federal program.

We reported no findings that are required to be disclosed under section 510(a) of OMB Circular A-133.

Identification of Major Programs:

The following was a major program during the period under audit:

<u>CFDA No.</u>	<u>Program Title</u>
20.205	Highway Planning and Construction

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by OMB Circular A-133, was \$300,000.

The City qualified as a low-risk auditee under OMB Circular A-133.

**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**

**City of Camas
Clark County
January 1, 2014 through December 31, 2014**

Mayor and City Council
City of Camas
Camas, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Camas, Clark County, Washington, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 18, 2015.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of the City's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.



JAN M. JUTTE, CPA, CGFM

ACTING STATE AUDITOR

OLYMPIA, WA

May 18, 2015

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB
CIRCULAR A-133**

**City of Camas
Clark County
January 1, 2014 through December 31, 2014**

Mayor and City Council
City of Camas
Camas, Washington

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM**

We have audited the compliance of the City of Camas, Clark County, Washington, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014. The City's major federal programs are identified in the accompanying Federal Summary.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program

occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal

control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

PURPOSE OF THIS REPORT

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.



JAN M. JUTTE, CPA, CGFM
ACTING STATE AUDITOR
OLYMPIA, WA

May 18, 2015

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

City of Camas Clark County January 1, 2014 through December 31, 2014

Mayor and City Council
City of Camas
Camas, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Camas, Clark County, Washington, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed on page 14.

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 City'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 City'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.

Opinion

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 Camas, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General and Camas-Washougal Fire and EMS funds, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 15 through 24 and information on postemployment benefits other than pensions on page 85 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Schedule of

Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. This schedule is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



JAN M. JUTTE, CPA, CGFM

ACTING STATE AUDITOR

OLYMPIA, WA

May 18, 2015

FINANCIAL SECTION

**City of Camas
Clark County
January 1, 2014 through December 31, 2014**

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2014

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2014

Statement of Activities – 2014

Balance Sheet – Governmental Funds – 2014

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds – 2014

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities – 2014

Statement of Revenues, Expenditures and Changes in Fund Balances Compared to Budget (GAAP Basis) and Actual – General Fund – 2014

Statement of Revenues, Expenditures and Changes in Fund Balances Compared to Budget (GAAP Basis) and Actual – Camas-Washougal Fire and EMS Fund – 2014

Statement of Net Position – Proprietary Funds – 2014

Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds

Statement of Cash Flows – Proprietary Funds – 2014

Statement of Fiduciary Net Position – Firemen's Pension Fund – 2014

Statement of Changes in Fiduciary Net Position – Firemen's Pension Fund – 2014

Notes to the Financial Statements – 2014

REQUIRED SUPPLEMENTARY INFORMATION

Other Postemployment Benefits Plan – Schedule of Funding Progress – 2014

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Expenditures of Federal Awards – 2014

Notes to the Schedule of Expenditures of Federal Awards – 2014

CITY OF CAMAS, WASHINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2014

The City of Camas' discussion and analysis is a narrative overview of the city's financial activities for the fiscal year ended December 31, 2014. The information presented here should be read in conjunction with our letter of transmittal, and the financial statements and notes to the financial statements that follow.

FINANCIAL HIGHLIGHTS

- City of Camas assets exceeded its liabilities at December 31, 2014 by \$199.6 million.
- Net investment in capital assets account for 92% of this amount, with a value of \$183 million.
- Of the remaining net assets, \$10.6 million may be used to meet the government's ongoing obligations to citizens and creditors, without legal restriction.
- The City's total net position showed an increase of \$13 million, 6.9% during 2014.
- As of December 31, 2014, City of Camas' governmental funds reported combined ending fund balances of \$3.0 million. Nearly 3% of this total amount, \$97,272 is available for spending at the government's discretion. General Fund has \$2 million in unassigned fund balance and in the two street construction funds, a \$1.9 million balance on the City's line of credit.
- City of Camas' total bonded debt at December 31, 2014 was \$8.1 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis provides an introduction and overview to the City of Camas' (the City) basic financial statements. This information will assist users in interpreting the basic statements. We will also provide other financial discussion and analysis of certain plans, projects and trends necessary for understanding the full context of the financial condition of the City.

Basic Financial Statements

The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and, 3) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial condition.

Government-wide Financial Statements

Government-wide financial statements provide readers with a broad overview of the City of Camas' finances in a manner similar to a private-sector business, distinguishing functions of the City that are principally supported by taxes and intergovernmental revenues (referred to as "governmental activities") from functions that are intended to recover all or a significant portion of their costs through user fees and charges (referred to as "business-type activities"). The governmental activities of the City of Camas include a full range of local government services provided to the public, such as law enforcement and public safety, fire protection, street construction and maintenance, community planning and development, parks and recreation facilities, and other community services. In addition, other general government services are provided, such as the issuance of permits and licenses. The business-type activities of the City include water and sewer, storm drainage, and sanitation utilities.

The Statement of Net Position

This statement presents information on all of the City of Camas' assets and liabilities, with the difference between the two reported as net position. This statement serves a purpose similar to that of the balance sheet of a private-sector business. Over time, increases or decreases in net position may serve as one indicator of whether the financial position of the City is improving or deteriorating. The City's net position improved in 2014. This is primarily due to construction of a City street extension as well as construction work in progress on another street, water line and sewer treatment plant upgrade. Another factor was the City's use of a Line of Credit to assist with liquidity needs. Other indicators include the condition of the City's infrastructure systems (streets, drainage systems, bridges, etc.), changes in property tax base, and general economic conditions within the City.

The Statement of Activities

This statement presents information showing how the government's net position changed during 2014. This statement separates program revenue (revenue generated by specific programs through charges for services, grants, and contributions) from general revenue (revenue provided by taxes and other sources not tied to a particular program). This shows the extent each program relies on taxes for funding. All changes in net position are reported using the accrual basis of accounting, which requires that revenues are reported when they are earned and expenses are reported when the goods and services are received. Items such as uncollected taxes, unpaid vendor invoices for items received in 2014, and earned but unused vacation leave and a portion of sick leave will be included in the statement of activities as revenue and expense, even though the cash associated with these items will not be received or distributed in 2014.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Camas, like other state and local governments, uses fund accounting for compliance with finance-related legal requirements. All of the funds of the city fall into three categories: governmental funds, proprietary funds, and fiduciary funds. Governmental Funds account for most, if not all, of a government's tax-supported activities. Proprietary Funds account for a government's business type activities where all or part of the costs of activities are supported by fees and charges that are paid directly by those who benefit from the activities. Fiduciary Funds account for resources that are held by the government as a trustee or agent for parties outside of the government. The resources of fiduciary funds cannot be used to support the government's own programs.

Governmental Funds

The Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances present separate columns of financial data for the General Fund, Camas/Washougal Fire and EMS Fund, NW 38th Avenue Construction Fund and the Friberg Construction Fund. These are considered major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental fund financial statements focus on near-term inflows and outflows of spendable resources and on balances of spendable resources available at the end of the fiscal year. Such information is useful in evaluating a government's near-term financing requirements in comparison to near-term resources available.

Because the focus of governmental fund financial statements is narrower than that of government-wide financial statements accrual basis focus, it is useful to compare information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. This gives readers a better understanding of the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to the governmental activities column in the government-wide statements, facilitating this comparison.

The City maintains budgetary controls over its operating funds. Budgetary controls ensure compliance with legal provisions embodied in the annual appropriated budget. Governmental fund budgets are established in accordance with state law, and are adopted on a fund level. Personnel services are budgeted by position and by prorating the costs based on time allocation to the various funds.

Proprietary Funds

The City has two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The city uses enterprise funds to account for its water-sewer, storm water drainage and sanitation utilities. Internal service funds accumulate and allocate costs among the city's various functions. The city uses an internal service fund to account for its rolling stock repair and replacement. Because this service predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail, since both apply the accrual basis of accounting. In comparing the Proprietary Fund Statements of Net Position to the business-type column on the government-wide Statement of Net Position, the total net position agrees, therefore needs no reconciliation.

The proprietary fund financial statements provide separate information for the Water-Sewer, Storm Water Drainage and the Sanitary Funds which have been designated as major funds. In addition to the presentation of these major funds, the internal service fund is displayed as a single presentation on these statements.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Camas' own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided, and are an integral part of the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

Management considers the financial position of the City to have improved over 2013. As noted earlier, changes in net position may serve as a useful indicator of a government's financial position. The City of Camas total net position was \$199,633,253 at December 31, 2014. The following is a condensed version of the Government-Wide Statement of Net Position.

City of Camas Net Position						
	Governmental Activities 2014	Governmental Activities 2013	Business-type Activities 2014	Business-type Activities 2013	Total Activities 2014	Total Activities 2013
Current and other assets	\$ 8,721,102	\$ 8,081,932	\$ 12,794,496	\$ 10,212,764	\$ 21,515,598	\$ 18,294,696
Capital assets (net of accumulated depreciation)	126,240,191	117,096,244	99,267,966	96,365,731	225,508,157	213,461,975
TOTAL ASSETS	134,961,293	125,178,176	112,062,462	106,578,495	247,023,755	231,756,671
Long-term liabilities	12,644,914	12,629,639	25,355,250	24,117,222	38,000,164	36,746,861
Other liabilities	4,961,815	3,337,709	4,428,523	4,723,302	9,390,338	8,061,011
TOTAL LIABILITIES	17,606,729	15,967,348	29,783,773	28,840,524	47,390,502	44,807,872
Deferred Inflows of Resources		343,878	-	-	0	343,878
NET POSITION						
Net investment in capital assets	114,249,271	106,726,541	68,705,209	70,298,558	182,954,480	177,025,099
Restricted	1,616,942	1,448,695	4,413,154	2,572,557	6,030,095	4,021,252
Unrestricted	1,488,352	691,714	9,160,326	4,866,856	10,648,678	5,558,570
TOTAL NET POSITION	\$ 117,354,565	\$ 108,866,950	\$ 82,278,689	\$ 77,737,971	\$ 199,633,253	\$ 186,604,921

The largest portion of the City's net position (91.6 percent) reflects its investment in capital, less any related debt used to acquire those assets that is still outstanding. The City's capital assets are used to provide services to citizens. Consequently, these assets are not available for future spending. At the end of the fiscal year, the City had \$4,953,547 in net position restricted for capital or capital related debt. \$3,510,847 of these restricted assets came from Water-Sewer and \$1,442,700 from the Growth Management Capital Projects Fund and must be used for capital purposes in the respective funds. In addition, the City had \$16,948 for Tourism Promotion, \$112,477 for Drug Investigations and \$947,124 for Debt Obligations. The remaining balance of \$10,648,678 (unrestricted) represents the amount that may be used to meet the City's ongoing obligations.

At December 31, 2014, the City of Camas reports positive balances in all three categories of net position, for the government as a whole, and also for separate governmental activities. The same situation held true for the prior fiscal year.

Statement of Activities

The City's total net position increased by over \$13 million in 2014. This change was split among governmental activities with an increase of almost \$8.5 million and an increase in business-type activities of \$4.5 million. The governmental funds increase in net position is primarily due to grants and loans tied to the capital projects for streets. The business-type funds increase was increase in utility rates.

A summary version of the Statement of Activities is shown in the following table including comparison data from 2013. The full statement is a tabular depiction of the relationship of revenues and expenses for the City's governmental activities and proprietary funds. The graphs that follow illustrate the sources of revenue and the balance of governmental vs. business type expenses for 2014.

City of Camas Change in Net Position						
	Governmental Activities 2014	Governmental Activities 2013	Business-type Activities 2014	Business-type Activities 2013	Total 2014	Total 2013
Revenues:						
Program revenues:						
Charges for services	\$ 7,524,990	\$ 6,039,442	\$ 13,866,874	\$ 13,380,480	\$ 21,391,864	\$ 19,419,922
Operating grants and contributions	263,644	865,203	10,126	1,037	273,770	866,240
Capital grants and contributions	10,024,255	6,061,054	2,914,483	3,703,911	12,938,738	9,764,965
General revenues:						
Taxes:						
Property taxes levied for general purposes and EMS	11,126,757	10,202,820	-	-	11,126,757	10,202,820
Property taxes levied for debt service	629,144	624,893	-	-	629,144	624,893
Sales and use taxes	2,933,210	2,509,715	-	-	2,933,210	2,509,715
Business and occupation taxes	459,572	438,434	-	-	459,572	438,434
Excise and other taxes	1,091,913	937,543	-	-	1,091,913	937,543
Grants and contributions not restricted to specific programs	891,607	376,110	-	-	891,607	376,110
Unrestricted investment earnings	54,533	32,410	38,050	10,839	92,583	43,249
Miscellaneous	609,892	73,637	10,000	-	619,892	73,637
Total revenues	35,609,517	28,161,261	16,839,533	17,096,267	52,449,050	45,257,528
Expenses:						
General government	4,189,984	3,493,797	-	-	4,189,984	3,493,797
Judicial	292,099	289,691	-	-	292,099	289,691
Public safety	12,633,748	11,091,881	-	-	12,633,748	11,091,881
Physical environment	161,257	111,694	-	-	161,257	111,694
Transportation	5,463,050	5,241,763	-	-	5,463,050	5,241,763
Health and human services	3,274	3,599	-	-	3,274	3,599
Economic environment	756,702	575,402	-	-	756,702	575,402
Culture and recreation	3,343,810	3,192,920	-	-	3,343,810	3,192,920
Interest on long-term debt	277,979	265,385	-	-	277,979	265,385
Water-Sewer	-	-	9,232,931	8,725,888	9,232,931	8,725,888
Storm Water Drainage	-	-	1,173,260	1,104,142	1,173,260	1,104,142
Sanitation	-	-	1,914,324	1,880,871	1,914,324	1,880,871
Total expenses	27,121,903	24,266,132	12,320,515	11,710,901	39,442,418	35,977,033
Increase in net position	8,487,614	3,895,129	4,519,018	5,385,366	13,006,632	9,280,495
Net position - beginning	108,866,950	105,523,986	77,737,971	72,404,827	186,604,921	177,928,813
Change in Accounting Principles		(20,227)		(52,222)	-	(72,449)
Prior Period Adjustment		(531,938)	21,700	-	21,700	(531,938)
Net position - ending	\$ 117,354,564	\$ 108,866,950	\$ 82,278,689	\$ 77,737,971	\$ 199,633,253	\$ 186,604,921

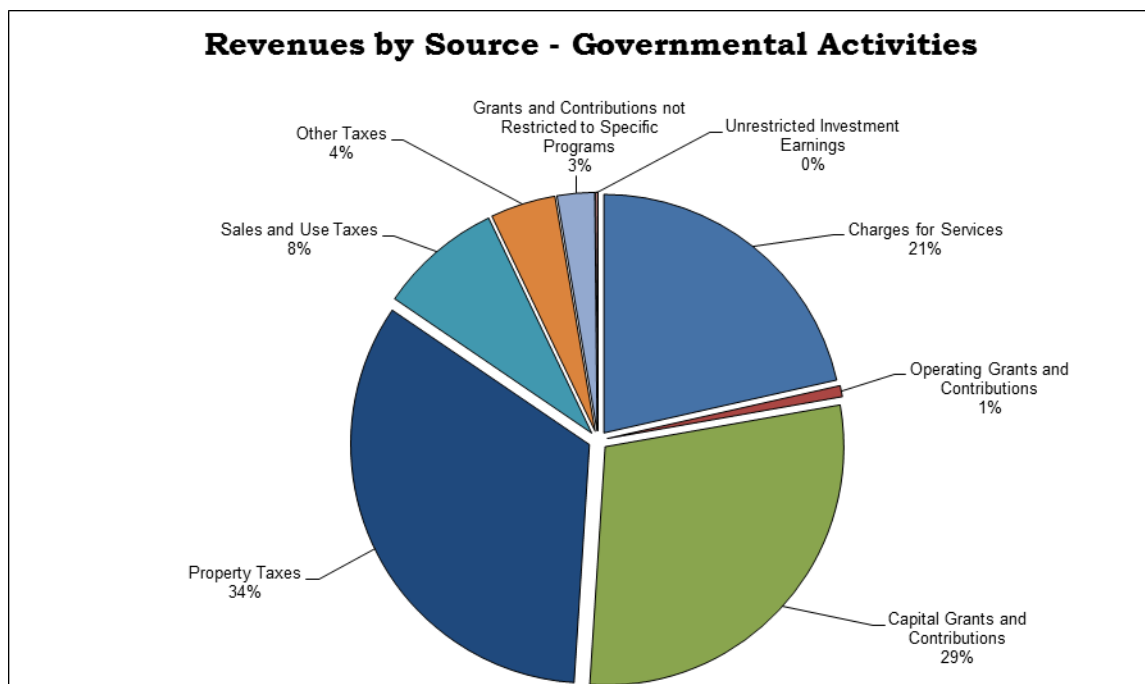
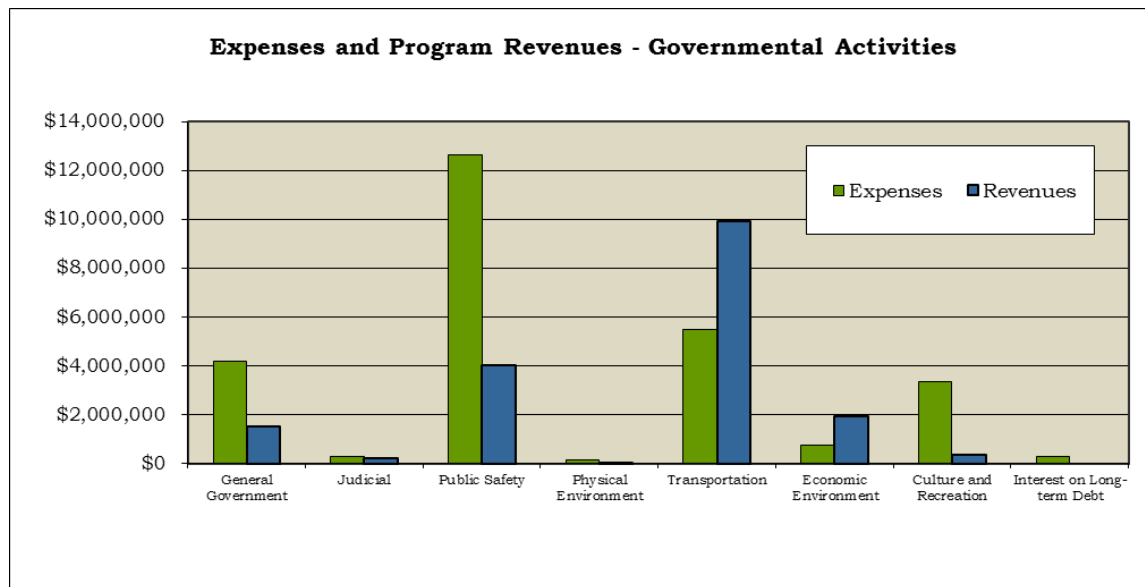
Governmental Activity Analysis

The property tax collections increased in the City of Camas by \$923,937 or 9% with the use of banked capacity, the growth in new construction in commercial properties and the increase in home building. Sales tax collected increased by \$423,495 or 16.9% with the improved economy as well as construction both private and public. The Excise and Other Taxes increased by 16.5% with the rebound of home sales from the recession. Business and Occupational taxes grew at 4.8%, this category

primarily includes franchise fees for Natural Gas and Cable of which Natural Gas is heavily weather dependent. With the mild weather in 2014, Natural Gas revenues reflect the growth in housing but less consumption.

Governmental activities expenses for 2014 were 11.8% higher than 2013. Labor contracts were settled at the end of 2013 and 2014 budget reflects a budget responding to rebounding growth in the community.

The net position with governmental activities increased by \$8.5 million due to the increase in tax revenue, increased liquidity from the line of credit and capital grants associated with two major street construction projects.



Business-Type Activities Analysis

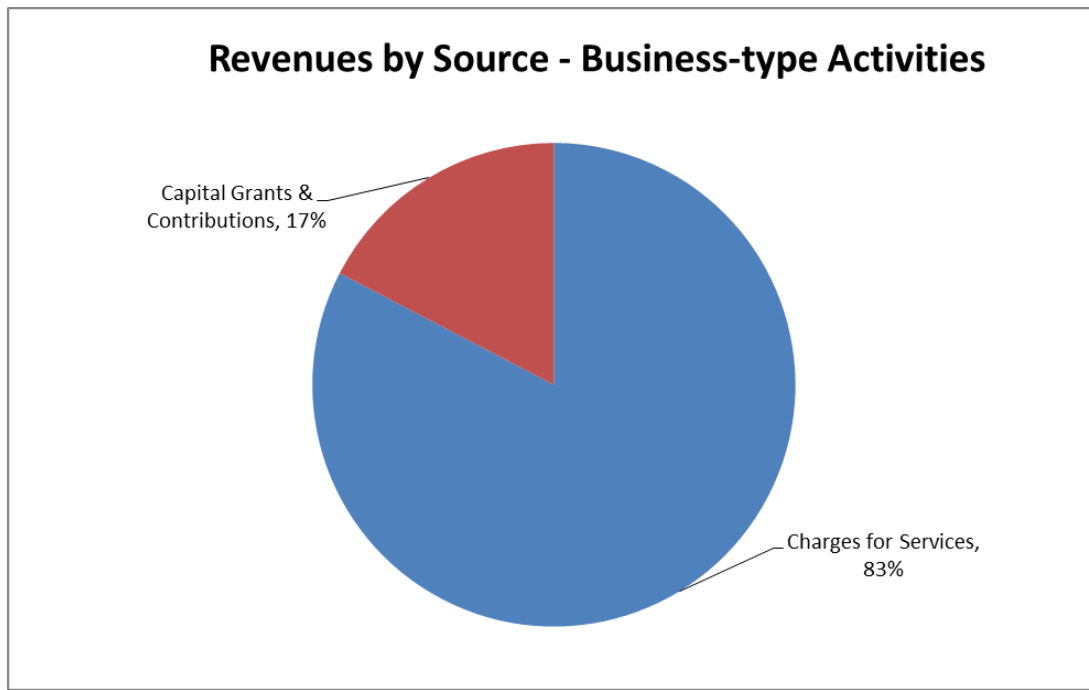
The financial position of the City's Business-Type funds consists of the Storm Water Drainage Fund, the Sanitary Fund and the Water-Sewer Fund. The Water-Sewer Fund is the largest proprietary fund in the City. The financial position of the City's business-type funds is strongly influenced by the Water-Sewer Fund. In 2014, that fund had a \$556,226 increase in charges for services revenues, \$260,638 decrease in capital grants and contributions, a \$504,676 increase in expenses (excluding depreciation and amortization) over the prior year but the most significant increase was the capital investment of \$2.2 million, all contributing to an overall increase in net position of 5.3%. The Sanitary Fund improved net position by over 16% in 2014. This large increase was mostly attributed to increase in garbage and recycling revenue while maintain status quo expense budget. The Storm Water Drainage Fund improved net position by 6.6%. This increase is attributed in capital investment projects.

Business-Type Activity Operating Revenues

Water-Sewer	\$10,336,358	75%
Storm Water Drainage	1,175,304	9%
Sanitary	2,215,677	<u>16%</u>
		<u>100%</u>

Business-Type Activity Operating Expenses

Water-Sewer	\$8,717,663	73%
Storm Water Drainage	1,194,611	10%
Sanitary	2,036,742	<u>17%</u>
		<u>100%</u>



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds Analysis

The City uses fund accounting to ensure compliance with legal requirements and to assist in the budgeting and operations of the different activities of the City. The City has 20 funds, of which 12 are governmental funds. The governmental funds are categorized into four different fund types. Each fund type has a unique purpose. Four funds are classified as major funds for the purposes of this report, based on criteria set forth by the Governmental Accounting Standards Board (GASB). Those funds are the General Fund used for traditional government purposes; the Camas/Washougal Fire and EMS Fund, NW 38th Street Construction Fund and the Friberg Construction Fund.

The change in Total Governmental Funds fund balance was a decrease of \$1,400,072. Of the Major funds, the General Fund had a decrease of \$901,422. The Camas/Washougal Fire and EMS Fund had an increase of \$211,606. The NW 38th Street Construction Fund had an increase of \$62,535 and the Friberg Construction Fund had a decrease of \$1,225,366. All other governmental funds had a combined increase in their fund balances of \$452,575. The decrease in the General Fund was primarily a result in the change in accounting for fire protection services, closing out 38th Avenue Phase I, increased support for the Cemetery and change in funding of street preservation. The Camas/Washougal Fire and EMS Fund improved with the economies of scale of the consolidation as well as an increase in fund balance with scheduled contributions between Camas and Washougal. The NW 38th Street Construction Fund reflects a project nearing completion. The Friberg Construction fund decreased with increased capital expenses and pending reimbursements from the State of Washington. The other funds saw increases resulting primarily through increase in development related revenues as well as an increase in real estate excise tax collections.

Business-Type Activities Analysis

Proprietary funds are those funds that account for government operations where the intent is for the costs to be primarily paid for by user charges. Enterprise funds are those funds that provide services primarily to external users, and the internal service funds provide their services primarily within the City, or to other governmental units. The City has three enterprise funds and one internal service fund.

The Water-Sewer Fund is the largest business-type fund in the city, accounting for 84% of net position for the enterprise funds at \$68.7 million. The Water-Sewer Fund had an increase in net assets of \$3.4 million. Revenues generated from operations were higher than the prior year by \$556 thousand (5.6%), and operating expenses increased by \$663 thousand (8%). The higher expenses were due to increase in Sewer Operations and Management of \$367 thousand (17%).

The Sanitary Fund net position increased 16% in 2014. Charges for services increased 4.6% while operating expenses increased 9.1% with the main increase in collection and disposal services.

The Storm Water Drainage Fund net position increased by \$687 thousand (6%) in 2014. In 2014, capital contributions decreased by \$528 thousand with delay in projects completion.

The Internal Service Fund, the Equipment Rental Fund net position showed an increase of \$534 thousand 16% in 2014. Revenues increased 44% while expenses decreased \$36 thousand (2.7%). Rates for the rental of equipment were adjusted with an updated Equipment Rental Rate Model in 2014. Cash flow for this fund is anticipated to decrease in 2015 with planned equipment reinvestment. The financial model is sustainable and will be carefully monitored.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City operated with annual budgets in 2014. Beginning with the fiscal year 2015, the City will be operating with biennial budgets. General Fund revenues came in at 100% of the anticipated budget, while expenditures were 98% of the budget. Revenues ended the year \$67,914 higher than anticipated with development pace improving in 2014. Overall, 2014 ended \$358,274 over the previous year. This increase in revenues is attributed to the improvement in all around construction including housing, commercial and public projects.

State law allows funds to be expended if authorized by an ordinance amending the original budget [RCW 35A.33.120(4)]. The budget was amended for a decrease of \$102,816 by City Council in Ordinance No. 2701. This Ordinance supplemented the budget for mid-year merger of the City of Camas and the City of Washougal Fire Departments into the City of Camas. The merger reduced costs for both entities through economies of scale.

The Budget was supplemented by \$218,173 by City Council in Ordinance No. 2707. The Spring Omnibus Budget moved carry forward items from 2013 into 2014, budgeted for unforeseen grants, adjusted budget for development revenues and allowed early hiring for seasonal engineering techs, and other smaller packages.

In the Fall of 2014, the Budget was amended with the Fall Omnibus by \$55,000 in Ordinance No. 2718. The Fall Omnibus Budget adjusted the Operating Transfer for Fire for fund balance contribution, closing out 38th Avenue Phase I and increasing support to the Cemetery.

The City had planned and budgeted to spend down General Fund balances in 2014 to 20% of Fund Balance; however, due to the moderate growth in revenue collections and higher expenditures, the fund balance for the General Fund decreased by \$879,202 ending the year with \$2,993,417. This balance represents 21% of expenditures and is well within the City's adopted policies for fund balance of 17%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

City of Camas' investment in capital assets, including construction in progress for its governmental and business type activities as of December 31, 2014, was \$225,508,157 (net of accumulated depreciation). This investment in capital assets includes land, buildings, system improvements, machinery and equipment, park facilities, and construction in progress on buildings and systems. This reflects an increase in net capital assets of \$12 million during the year.

City of Camas Capital Assets						
(net of depreciation)						
	Governmental		Business-Type		Total	
	Activities		Activities		Activities	
	1/1/2014	12/31/2014	1/1/2014	12/31/2014	1/1/2014	12/31/2014
Land	\$59,578,601	\$59,997,865	\$983,172	\$1,014,021	\$60,561,773	\$61,011,886
Buildings and systems	11,115,843	13,297,317	21,350,093	20,031,819	32,465,936	33,329,136
Improvements other than building	3,811,177	3,861,305	5,593,518	6,428,115	9,404,695	10,289,420
Machinery and equipment	3,562,634	4,307,129	17,714,897	20,441,699	21,277,531	24,748,828
Intangibles	5,073	15,973	9,601	10,164	14,674	26,137
Infrastructure	35,042,708	33,362,658	46,178,863	49,141,273	81,221,571	82,503,931
Construction in progress	3,980,208	11,397,944	4,535,587	2,200,875	8,515,795	13,598,819
Total	\$117,096,244	\$126,240,191	\$96,365,731	\$99,267,966	\$213,461,975	\$225,508,157

Major capital asset additions include major completion of Phase II of the 38th Street (major arterial construction), major completion of Friberg/Strunk Street, sanitary sewer bypass line and design work on water treatment facility.

Additional information on the City of Camas' capital assets can be found in the Notes to the Financial Statements - Note IV item C of this report.

Long-Term Debt

General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds are either created by 3/5 majority vote of the people and, therefore, financed by a special tax levy (unlimited general obligation bonds); or created by ordinance, adopted by City Council, and financed from general revenues (limited general obligation bonds).

At December 31, 2014, the City of Camas had total bonded debt outstanding of \$8.1 million and government loans of \$29.2 million. Of this amount, \$3.3 million is general obligation debt. The revenue bonds of \$4.8 million represent bonds secured solely by specified revenue source. The business-type government loans are intended to be repaid with a specified revenue source.

The table below is a comparison of the summary information for year-end 2014 and 2013 bonded and non-bonded debt (in thousands).

City of Camas Outstanding Bonded Debt

(in thousands)

	Governmental Activities		Business-Type Activities		Total Activities	
	2014	2013	2014	2013	2014	2013
General obligation bonds	\$ 3,301	\$ 3,787	\$ -	\$ -	\$ 3,301	\$ 3,787
Revenue bonds	-	-	4,870	5,602	4,870	5,602
Government loans	6,702	6,583	22,496	20,464	29,198	27,047
Total	<u>\$ 10,003</u>	<u>\$ 10,370</u>	<u>\$ 27,366</u>	<u>\$ 26,066</u>	<u>\$ 37,369</u>	<u>\$ 36,436</u>

The City of Camas' total bonded debt increased by a net \$1,217,220 during 2014. This increase is primarily due to draw downs on the PWTF loans for 38th Avenue, Friberg Street and the Water Treatment Facility in 2014. The City's remaining capacity for non-voted debt is approximately \$32 million. City of Camas is currently rated AA+ for general obligation debt by Standard and Poor's Rating Service. The City received this rating in June, 2014 and it was recently confirmed in February, 2015.

Additional information on the City's long-term debt can be found in Note IV item E in the Notes to the Financial Statements and in the Appendices on Table 10 through Table 14.

Significant Commitments

The City has remaining construction projects as of December 31, 2014. They include Governmental and Business type projects. While these projects have contracts issued for their construction, there is not an immediate liability to the City. Rather, the contracts represent a commitment that should be disclosed. The following lists these commitments:

Governmental Type Construction Projects:

Project	Projects to Date	Remaining Commitment
NW Friberg/Struck Construction	\$5,249,413	\$1,000,000
NW 38 th Ave. Phase II	\$5,592,347	\$500,000
NW Brady Road Street Improvements	\$13,772	\$6,500,000
NW 6 th and Norwood Improvements	\$23,072	\$3,000,000

Business Activity Construction Projects:

Project	Projects to Date	Remaining Commitment
544 Pressure Zone Project – Water Treatment Facility	\$1,016,259	\$7,500,000
Sanitary Sewer Bypass Line	\$754,795	\$3,600,000
NW Friberg Water/Sewer	\$317,144	\$115,000

ECONOMIC FACTORS, NEXT BIENNIAL BUDGET AND RATES

The City of Camas is home to large high-tech manufacturing industries as well as from its origins, a paper mill. Recently a major financial services company is in the process of locating a seven building campus in the City which is drawing new residents to the City. The economy in Camas has improved in 2013-2014 and the momentum is expected to continue into 2015-2016.

The City's adopted financial policies continue to guide the financial operations and budget process. The City also maintains a six-year financial model that provides indicators for the future performance of the City's funds. The following are a few factors considered in adopting the City of Camas 2015-2016 Biennial Budget.

The City's General Fund was anticipated to use \$831,629 of fund balance to restore positions and services deferred during the protracted economic downturn. In 2013-2014, the revenues improved significantly as construction grew both in housing and commercial activity. As a result, the fund balance for the General Fund improved and the City ended 2014 with a 21% fund balance, well above the City's policy of 17% of expenditures. In 2015-2016, the City anticipates the continued improvement in the economy and is in the process of continuing to restore general fund cutbacks such as filling vacant positions.

With the improved economy, the City addressed an ongoing issue of street preservation. Assessed value for 2014 improved to the point the City Council is able to access banked property tax levy capacity to earmark for street preservation. As a result, City Council increased the property tax levy by \$600,000 to fund street preservation in 2014 with the intent this will be an ongoing street preservation funding from this revenue source. This funding mechanism will alleviate any structural deficit issues with this fund.

The City Council also utilized the lawful levy increase of 1% for property taxes which is to be used for the hiring of a police officer and in 2016 it will be used for a Network Analyst position.

The City of Camas and the City of Washougal consolidated fire and EMS services to improve efficiencies and develop cost savings on May 2, 2015. Both cities not only met budget requirements with contributions but also began building fund balance with the goal of having a 25% fund balance built over five years.

In 2013, the City performed a five year utility rate study for storm water drainage, sanitary services, water and sewer. The rate study rates increase each year over five years. The rate increases will not only fund capital improvements but also build reserves within best practices.

Requests for Information

This financial report is designed to provide a general overview of the City of Camas' finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Finance Department, City of Camas, 616 NE 4th Avenue, Camas, WA, 98607.

CITY OF CAMAS, WASHINGTON

Statement of Net Position

December 31, 2014

	Governmental Activities	Business-type Activities	Total Primary Government
Assets:			
Cash and Cash Equivalents	\$ 6,606,889	\$ 6,554,979	\$ 13,161,868
Receivables (Net of Allowance for Uncollectible)	2,973,852	2,093,974	5,067,826
Internal Balances	(859,639)	859,639	-
Restricted Assets			
Cash	-	3,081,955	3,081,955
Investments	-	203,949	203,949
Capital Assets Not Being Depreciated:			
Land	59,997,865	1,014,021	61,011,886
Construction Work in Progress	11,397,944	2,200,875	13,598,819
Capital Assets Net of Accumulated Depreciation:			
Buildings	13,297,317	20,031,819	33,329,136
Improvements Other than Buildings	3,861,305	6,428,115	10,289,420
Machinery and Equipment	4,307,129	20,441,699	24,748,828
Intangibles	15,973	10,164	26,137
Infrastructure	33,362,658	49,141,273	82,503,931
Total Assets	134,961,293	112,062,462	247,023,755
Liabilities:			
Accounts Payable and Other Current Liabilities	1,240,410	433,230	1,673,640
Line of Credit	1,797,202	-	1,797,202
Accrued Interest Payable	33,732	161,343	195,075
Developer Credit	368,360	1,418,946	1,787,306
Custodial Accounts	99,873	-	99,873
Noncurrent Liabilities:			
Due within One Year	1,422,238	2,415,004	3,837,242
Due in More than One Year	12,644,914	25,355,250	38,000,164
Total Liabilities	17,606,729	29,783,773	47,390,502
Net Position:			
Net Investment in Capital Assets	114,249,271	68,705,209	182,954,480
Restricted for:			
Tourism	16,948	-	16,948
Public Safety	112,477	-	112,477
Debt Service	44,817	902,307	947,124
Capital	1,442,700	3,510,847	4,953,547
Unrestricted	1,488,352	9,160,326	10,648,678
Total Net Position	\$ 117,354,564	\$ 82,278,689	\$ 199,633,253

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

CITY OF CAMAS, WASHINGTON
Statement of Activities
Year Ended December 31, 2014

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business -type Activities	Total
PRIMARY GOVERNMENT							
Governmental Activities:							
General Government	\$ 4,189,984	\$ 1,489,776	\$ 15,393	\$ -	(2,684,815)	\$ -	(2,684,815)
Judicial	292,099	201,481	-	-	(90,618)	-	(90,618)
Public Safety	12,633,748	3,660,355	233,044	23,316	(8,717,033)	-	(8,717,033)
Physical Environment	161,257	37,553	-	-	(123,704)	-	(123,704)
Transportation	5,463,050	90,684	13,734	9,789,403	4,430,771	-	4,430,771
Health and Human Services	3,274	-	1,473	-	(1,801)	-	(1,801)
Economic Environment	756,702	1,914,244	-	-	1,157,542	-	1,157,542
Culture and Recreation	3,343,810	130,897	-	211,536	(3,001,377)	-	(3,001,377)
Interest on Long-Term Debt	277,979	-	-	-	(277,979)	-	(277,979)
TOTAL GOVERNMENTAL ACTIVITIES	27,121,903	7,524,990	263,644	10,024,255	(9,309,014)	-	(9,309,014)
Business Type Activities:							
Water Sewer	9,232,931	10,475,893	-	2,223,065	-	3,466,027	3,466,027
Storm Water Drainage	1,173,260	1,175,304	10,126	691,418	-	703,588	703,588
Sanitary	1,914,324	2,215,677	-	-	-	301,353	301,353
TOTAL BUSINESS-TYPE ACTIVITIES	12,320,515	13,866,874	10,126	2,914,483	-	4,470,968	4,470,968
Total Primary Government	\$ 39,442,418	\$ 21,391,864	\$ 273,770	\$ 12,938,738	\$ (9,309,014)	\$ 4,470,968	\$ (4,838,046)
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					\$ 9,932,926	\$	\$ 9,932,926
Property Taxes Levied for Voted Levy (EMS)					1,193,831		1,193,831
Property Taxes, Levied for Debt Service					629,144		629,144
Sales and Use Taxes					2,933,210		2,933,210
Business and Occupation Taxes					459,572		459,572
Excise and Other Taxes					1,091,913		1,091,913
Grants and Contributions not Restricted to Specific Programs					891,607		891,607
Unrestricted Investment Earnings					54,533	38,050	92,583
Miscellaneous					54,501	-	54,501
Special Item - Transfer of Operations					555,391	-	555,391
Gain (Loss) on Disposal of Capital Assets					-	10,000	10,000
Total General Revenues					17,796,628	48,050	17,844,678
Change in Net Position					8,487,614		13,006,632
Net Position - Beginning					108,866,950	77,737,971	186,604,921
Prior Period Adjustments					-	21,700	21,700
Net Position - Ending					\$ 117,354,564	\$ 82,278,689	\$ 199,633,253

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

CITY OF CAMAS, WASHINGTON

Governmental Funds

Balance Sheet

December 31, 2014

	General Fund	Camas- Washougal Fire & EMS Fund	NW 38th Street Construction Fund	Friberg Construction Fund	Other Governmental Funds	Total Governmental Funds
Assets:						
Cash, Cash Equivalents, and Pooled Investments	\$ 2,651,330	\$ 237,235	\$ 580,118	\$ -	\$ 1,523,980	\$ 4,992,663
Property Taxes Receivables	188,118	20,992	-	-	11,622	220,732
Sales Taxes Receivable	664,388	-	-	-	-	664,388
Other Taxes Receivable	-	13,211	-	-	-	13,211
Accounts Receivable (net)	25,944	314,273	-	-	15,550	355,767
Interest Receivable	5,204	-	-	-	-	5,204
Due from Other Governmental Units	206,369	-	162,168	1,117,296	216,149	1,701,982
Total Assets	<u>\$ 3,741,353</u>	<u>\$ 585,711</u>	<u>\$ 742,286</u>	<u>\$ 1,117,296</u>	<u>\$ 1,767,301</u>	<u>\$ 7,953,947</u>
Liabilities, Deferred Inflows of Resources and Fund Balances:						
Liabilities:						
Accounts Payable	\$ 268,778	\$ 54,907	\$ 100,693	\$ 669,382	\$ 107,607	\$ 1,201,367
Due to Other Governmental Units	3,830	-	-	-	-	3,830
Line of Credit	-	-	953,016	760,807	83,379	1,797,202
Custodial Deposits	98,763	1,110	-	-	-	99,873
Total Liabilities	<u>371,371</u>	<u>56,017</u>	<u>1,053,709</u>	<u>1,430,189</u>	<u>190,986</u>	<u>3,102,272</u>
Deferred Inflows of Resources						
Unavailable revenue	<u>372,410</u>	<u>262,527</u>	<u>162,168</u>	<u>1,052,123</u>	<u>33,572</u>	<u>1,882,800</u>
Total deferred inflows of resources	<u>372,410</u>	<u>262,527</u>	<u>162,168</u>	<u>1,052,123</u>	<u>33,572</u>	<u>1,882,800</u>
Fund Balances:						
Restricted						
Tourism	-	-	-	-	16,948	16,948
Public Safety	112,477	-	-	-	-	112,477
Debt Service	-	-	-	-	34,561	34,561
Capital Outlay	-	-	-	-	1,442,700	1,442,700
Committed - Public Safety	-	267,167	-	-	-	267,167
Assigned - Cemetery	4,155	-	-	-	-	4,155
Assigned - Working Capital	861,683	-	-	-	131,913	993,596
Unassigned	<u>2,019,258</u>	<u>-</u>	<u>(473,591)</u>	<u>(1,365,016)</u>	<u>(83,379)</u>	<u>97,272</u>
Total Fund Balances	<u>2,997,572</u>	<u>267,167</u>	<u>(473,591)</u>	<u>(1,365,016)</u>	<u>1,542,743</u>	<u>2,968,875</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,741,353</u>	<u>\$ 585,711</u>	<u>\$ 742,286</u>	<u>\$ 1,117,296</u>	<u>\$ 1,767,301</u>	<u>\$ 7,953,947</u>

Amounts reported for governmental activities in the statement of net position are different because (See Note II also):

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds 123,915,637

Other long-term assets are not available to pay for current-period expenditures and, therefore are deferred in the funds 1,882,800

Internal service funds are used to charge the costs of services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. 2,993,438

Long-term liabilities that are not due and payable in the current period and are not reported in the funds (14,406,186)

Net position of governmental activities \$ 117,354,564

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

CITY OF CAMAS, WASHINGTON
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2014

	General Fund	Camas-Washougal Fire & EMS Fund	NW 38th Street Construction Fund	Friberg Construction Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Property Taxes	\$ 9,967,263	\$ 1,193,831	\$ -	\$ -	\$ 629,144	\$ 11,790,238
Sales and Use Taxes	2,925,168	-	-	-	8,042	2,933,210
Other Taxes	459,840	-	-	-	1,091,645	1,551,485
License and Permits	695,332	6,380	-	-	-	701,712
Intergovernmental	516,159	167,371	4,236,530	2,693,677	816,581	8,430,318
Charges for Services	2,325,916	3,333,076	-	-	707,817	6,366,809
Fines and Forfeits	205,866	12,468	-	-	-	218,334
Interest Earnings	36,385	1,368	-	-	11,363	49,116
Rents and Royalties	128,980	-	-	-	-	128,980
Contributions/Donations	15,393	21,000	-	-	347,937	384,330
Miscellaneous	48,556	1,642	-	-	4,415	54,613
Total Revenues	17,324,858	4,737,136	4,236,530	2,693,677	3,616,944	32,609,145
Expenditures:						
Current						
General Government	4,025,404	-	-	-	33,372	4,058,776
Judicial	292,099	-	-	-	-	292,099
Public Safety	6,009,477	6,338,842	-	-	-	12,348,319
Physical Environment	160,569	-	-	-	-	160,569
Transportation	-	-	-	-	1,714,117	1,714,117
Economic Environment	754,836	-	-	-	5,130	759,966
Mental and Physical Health	3,274	-	-	-	-	3,274
Culture and Recreation	2,760,150	-	-	-	-	2,760,150
Capital Outlay	254,825	182,568	5,006,583	4,361,608	1,734,969	11,540,553
Debt Service						
Principal Retirement	-	-	-	-	1,158,794	1,158,794
Interest and Other Charges	14,000	684	6,163	2,812	273,951	297,610
Total Expenditures	14,274,634	6,522,094	5,012,746	4,364,420	4,920,333	35,094,227
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,050,224	(1,784,958)	(776,216)	(1,670,743)	(1,303,389)	(2,485,082)
Other Financing Sources (Uses)						
Loan Proceeds	51,952	3,258	253,545	300,000	391,349	1,000,104
Sale of Capital Assets	-	-	-	-	84,906	84,906
Transfers In	-	2,023,555	585,206	145,377	2,741,670	5,495,808
Transfers Out	(4,003,598)	(30,249)	-	-	(1,461,961)	(5,495,808)
Total Other Financing Sources and Uses	(3,951,646)	1,996,564	838,751	445,377	1,755,964	1,085,010
Net Change in Fund Balances	(901,422)	211,606	62,535	(1,225,366)	452,575	(1,400,072)
Fund Balance at Beginning of Year	3,898,994	55,561	(536,126)	(139,650)	1,090,168	4,368,947
Fund Balance at End of Year	\$ 2,997,572	\$ 267,167	\$ (473,591)	\$ (1,365,016)	\$ 1,542,743	\$ 2,968,875

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

CITY OF CAMAS, WASHINGTON

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balance of Governmental Funds to the Statement of Activities
Year Ended December 31, 2014

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

Net changes in fund balances - total governmental funds:	\$	(1,400,072)
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Governmental funds report capital outlays as expenditures. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expenses. This is the amount by which capital outlays exceeded depreciation in the current period.	6,729,365
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The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	2,297,600
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	748,351
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	158,690
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(339,775)
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Internal service funds are used by management to charge the costs of equipment, insurance and printing to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	293,455
Change in net position of governmental activities	\$ <u><u>8,487,614</u></u>

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

CITY OF CAMAS, WASHINGTON

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances

Compared to Budget (GAAP Basis) and Actual

For the Fiscal Year Ended December 31, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
Revenues:				
Property Taxes	\$ 9,936,317	\$ 9,936,317	\$ 9,967,263	\$ 30,946
Sales and Use Taxes	2,779,435	2,779,435	2,925,168	145,733
Other Taxes	453,422	453,422	459,840	6,418
License and Permits	701,442	788,102	695,332	(92,770)
Intergovernmental	472,469	472,469	516,159	43,690
Charges for Services	2,294,734	2,316,169	2,291,588	(24,581)
Fines and Forfeits	271,310	271,310	205,866	(65,444)
Interest Earnings	36,010	36,010	36,265	255
Rents and Royalties	98,759	98,759	128,980	30,221
Contributions/Donations	25,503	25,503	15,393	(10,110)
Miscellaneous	45,000	45,000	48,556	3,556
Total Revenues	17,114,401	17,222,496	17,290,410	67,914
Expenditures:				
Current				
General Government	3,786,963	4,142,732	4,025,404	(117,328)
Judicial	265,300	286,307	292,099	5,792
Public Safety	8,243,195	6,139,856	6,009,477	(130,379)
Economic Environment	798,827	801,027	754,836	(46,191)
Mental and Physical Health	1,800	1,800	3,274	1,474
Culture and Recreation	2,830,303	2,784,688	2,760,150	(24,538)
Capital Outlay	260,400	378,160	254,825	(123,335)
Debt Service				-
Interest and Other Charges	-	-	14,000	14,000
Total Expenditures	16,186,788	14,534,570	14,114,065	(420,505)
Excess (Deficiency) of Revenues Over (under) Expenditures	927,613	2,687,926	3,176,345	488,419
Other Financing Sources (Uses):				
Intergovernmental Loan Proceeds	-	-	51,952	51,952
Transfers Out	(1,837,447)	(4,131,075)	(4,107,499)	23,576
Total Other Financing Sources and Uses	(1,837,447)	(4,131,075)	(4,055,547)	75,528
Net Change in Fund Balance	(909,834)	(1,443,149)	(879,202)	563,947
Fund Balances at Beginning of Year	3,872,619	3,872,619	3,872,619	-
Fund Balances at End of Year	\$ 2,962,785	\$ 2,429,470	\$ 2,993,417	\$ 563,947
Adjustments to general accepted accounting principles (GAAP) Basis				
Cemetery Fund			4,155	
Fund Balance - GAAP basis			\$ 2,997,572	

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

CITY OF CAMAS, WASHINGTON
Camas-Washougal Fire & EMS
Statement of Revenues, Expenditures and Changes in Fund Balances
Compared to Budget (GAAP Basis) and Actual
For the Fiscal Year Ended December 31, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
Revenues:				
Property Taxes	\$ 1,259,112	\$ 1,259,112	\$ 1,193,831	\$ (65,281)
License and Permits		-	6,380	6,380
Intergovernmental	-	-	167,371	167,371
Charges for Services	1,734,520	3,252,277	3,333,076	80,799
Fines and Forfeits	12,444	12,444	12,468	24
Interest Earnings	466	466	1,368	902
Contributions/Donations	456	20,456	21,000	544
Miscellaneous	1,000	1,000	1,642	642
Total Revenues	3,007,998	4,545,755	4,737,136	191,381
Expenditures:				
Current				
Security/Persons and Property	2,956,890	6,687,934	6,338,842	(349,092)
Capitalized Expenditures	215,000	215,000	182,568	(32,432)
Debt Service				
Interest and Other Charges	-	-	684	684
Total Expenditures	3,171,890	6,902,934	6,522,094	(380,840)
Excess (Deficiency) of Revenues Over (under) Expenditures	(163,892)	(2,357,179)	(1,784,958)	572,221
Other Financing Sources (Uses):				
Intergovernmental Loan Proceeds	175,000	175,000	3,258	(171,742)
Transfers In	-	2,173,555	2,023,555	(150,000)
Transfers Out	-	-	(30,249)	(30,249)
Total Other Financing Sources and Uses	175,000	2,348,555	1,996,564	(351,991)
Net Change in Fund Balance	11,108	(8,624)	211,606	220,230
Fund Balances at Beginning of Year	(11,108)	(100,741)	55,561	66,669
Fund Balances at End of Year	\$ -	\$ (109,365)	\$ 267,167	\$ 286,899

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

CITY OF CAMAS, WASHINGTON
Proprietary Funds
Statement of Net Position
December 31, 2014

	Enterprise Funds				(Governmental Activities)
	Water-Sewer	Storm Water Drainage	Sanitary	Total	Internal Service - Equipment Rental
Assets:					
Current Assets:					
Cash, Cash Equivalents, and Pooled Investments	\$ 4,366,864	\$ 1,103,305	\$ 1,084,810	\$ 6,554,979	\$ 1,614,226
Receivables					
Accounts	1,446,320	203,860	392,407	2,042,587	12,569
Due from Other Governmental Units	-	51,387	-	51,387	-
Restricted Assets					
Cash and Cash Equivalents	3,081,955	-	-	3,081,955	-
Investments	203,949	-	-	203,949	-
Total Current Assets	<u>9,099,088</u>	<u>1,358,552</u>	<u>1,477,217</u>	<u>11,934,857</u>	<u>1,626,795</u>
Noncurrent Assets:					
Nondepreciable Assets:					
Land	1,014,021	-	-	1,014,021	104,732
Construction in Progress	2,110,912	89,963	-	2,200,875	8,842
Property, Plant and Equipment (Net)					
Building	20,031,819	-	-	20,031,819	731,012
Intangible Assets	10,164	-	-	10,164	-
Improvements Other than Buildings	6,428,115	-	-	6,428,115	57,654
Machinery and Equipment	20,441,699	-	-	20,441,699	1,422,313
Infrastructure	39,123,609	10,017,664	-	49,141,273	-
Total Noncurrent Assets	<u>89,160,339</u>	<u>10,107,627</u>	<u>-</u>	<u>99,267,966</u>	<u>2,324,553</u>
Total Assets	<u>98,259,427</u>	<u>11,466,179</u>	<u>1,477,217</u>	<u>111,202,823</u>	<u>3,951,348</u>
Liabilities					
Current Liabilities:					
Accounts Payable	315,462	30,859	86,909	433,230	35,213
Accrued Interest Payable	161,343	-	-	161,343	-
Accrued Employee Benefits	16,809	2,137	3,314	22,260	5,208
Unearned Revenues	1,418,946	-	-	1,418,946	-
Bonds, Notes and Loans Payable	2,392,744	-	-	2,392,744	-
Total Current Liabilities	<u>4,305,304</u>	<u>32,996</u>	<u>90,223</u>	<u>4,428,523</u>	<u>40,421</u>
Noncurrent Liabilities:					
Bonds, Notes and Loan Payable	25,045,080	-	-	25,045,080	-
Accrued Employee Benefits	228,164	19,231	62,775	310,170	57,850
Total Noncurrent Liabilities	<u>25,273,244</u>	<u>19,231</u>	<u>62,775</u>	<u>25,355,250</u>	<u>57,850</u>
Total Liabilities	<u>29,578,548</u>	<u>52,227</u>	<u>152,998</u>	<u>29,783,773</u>	<u>98,271</u>
Net Position:					
Net Investment in Capital Assets	58,597,582	10,107,627	-	68,705,209	2,324,553
Restricted for Debt Service	902,307	-	-	902,307	-
Restricted for Capital Purposes	3,510,847	-	-	3,510,847	-
Unrestricted	5,670,143	1,306,325	1,324,219	8,300,687	1,528,524
Total Net Position	<u>\$ 68,680,879</u>	<u>\$ 11,413,952</u>	<u>\$ 1,324,219</u>	<u>\$ 81,419,050</u>	<u>\$ 3,853,077</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				859,639	
Net Position of Business-type Activities				<u>\$ 82,278,689</u>	

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

CITY OF CAMAS, WASHINGTON
Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended December 31, 2014

	Enterprise Funds				(Governmental Activities)
	Water-Sewer	Storm Water Drainage	Sanitary	Total	Internal Service - Equipment Rental
Operating Revenues:					
Charge for Services	\$ 10,336,358	\$ 1,175,304	\$ 2,215,677	\$ 13,727,339	\$ 1,780,310
Total Operating Revenues	<u>10,336,358</u>	<u>1,175,304</u>	<u>2,215,677</u>	<u>13,727,339</u>	<u>1,780,310</u>
Operating Expenses:					
Collection and Disposal	-	-	1,790,757	1,790,757	-
Storm Drainage Operations and Maintenance	-	382,737	-	382,737	-
Water Operations and Maintenance	1,817,542	-	-	1,817,542	-
Sewer Operations and Maintenance	2,482,466	-	-	2,482,466	-
Customer Accounts	44,451	-	-	44,451	-
Administration	965,205	360,945	174,540	1,500,690	-
Equipment Rental Operations	-	-	-	-	971,621
Taxes	350,141	15,825	71,445	437,411	-
Depreciation and Amortization	<u>3,057,858</u>	<u>435,104</u>	<u>-</u>	<u>3,492,962</u>	<u>311,024</u>
Total Operating Expenses	<u>8,717,663</u>	<u>1,194,611</u>	<u>2,036,742</u>	<u>11,949,016</u>	<u>1,282,645</u>
Operating Income (loss)	1,618,695	(19,307)	178,935	1,778,323	497,665
Nonoperating Revenues (Expenses)					
Interest Earnings	27,982	4,827	5,241	38,050	5,417
State and Federal Grants	-	10,126	-	10,126	-
Interest and Fiscal Charges	(612,588)	-	-	(612,588)	-
Gain (Loss) on Disposal of Assets	10,000	-	-	10,000	-
Miscellaneous Revenue (Expense)	<u>139,535</u>	<u>-</u>	<u>-</u>	<u>139,535</u>	<u>16,091</u>
Total Nonoperating Revenues (Expenses)	<u>(435,071)</u>	<u>14,953</u>	<u>5,241</u>	<u>(414,877)</u>	<u>21,508</u>
Income (Loss) before Contributions	1,183,624	(4,354)	184,176	1,363,446	519,173
Capital Contributions	<u>2,223,065</u>	<u>691,418</u>	<u>-</u>	<u>2,914,483</u>	<u>15,371</u>
Change in Net Position	3,406,689	687,064	184,176	4,277,929	534,544
Total Net Position at Beginning of Year	65,269,090	10,710,288	1,140,043		3,318,533
Prior Period Adjustment	<u>5,100</u>	<u>16,600</u>	<u>-</u>		<u>-</u>
Total Net Position at End of Year	\$ <u>68,680,879</u>	\$ <u>11,413,952</u>	\$ <u>1,324,219</u>		\$ <u>3,853,077</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				241,089	
Change in Net Position of Business-type Activities				<u>\$ 4,519,018</u>	

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

CITY OF CAMAS, WASHINGTON
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended December 31, 2014

	Enterprise Funds				(Governmental Activities)
	Water-Sewer	Storm Water Drainage	Sanitary	Total	Internal Service - Equipment Rental
Cash Flows from Operating Activities:					
Cash received from Customers	\$ 10,294,664	\$ 1,129,911	\$ 2,120,762	\$ 13,545,337	\$ -
Cash received from Interfund Services Provided		-	-	-	1,774,127
Cash payments to Suppliers	(3,321,786)	(380,289)	(933,118)	(4,635,193)	(589,952)
Cash payments to Employees	(1,991,953)	(336,036)	(430,873)	(2,758,862)	(391,470)
Cash payments to Disposal Contractor	-	-	(593,389)	(593,389)	-
Cash payments for Interfund Services Used	(349,865)	(33,333)	(71,445)	(454,643)	-
Cash payments for Other Activities	(155,023)	-	-	(155,023)	-
Cash received from Other Non-Operating Revenues	139,535	-	-	139,535	16,089
Net Cash Provided by Operating Activities	<u>4,615,572</u>	<u>380,253</u>	<u>91,937</u>	<u>5,087,762</u>	<u>808,794</u>
Cash Flows from Noncapital Financing Activities:					
Proceeds from State Grants	-	-	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:					
Proceeds from Capital Grants	-	124,344	-	124,344	-
Proceeds from Other Long Term Debt	3,675,934	-	-	3,675,934	-
Acquisition and Construction of Capital Assets	(4,515,124)	(322,990)	-	(4,838,114)	(382,540)
Principal Paid on Revenue Bonds	(655,000)	-	-	(655,000)	-
Principal Paid on Other Long Term Obligations	(1,645,020)	-	-	(1,645,020)	-
Interest Paid on Revenue Bonds and Other Long Term Debt	(618,094)	-	-	(618,094)	-
Capital Contributed from Customers and Developers	933,987	2,050	-	936,037	-
Proceeds from Sale of Property	20,442	-	-	20,442	-
Net Cash Provided for Capital and Related Financing Activities	<u>(2,802,875)</u>	<u>(196,596)</u>	<u>-</u>	<u>(2,999,471)</u>	<u>(382,540)</u>
Cash Flows from Investing Activities:					
Interest on Investments and Cash Equivalents	27,068	4,828	5,241	37,137	5,420
Purchase of Investment Securities	-	-	-	-	-
Proceeds from Sale and Maturities of Investment Securities	-	-	-	-	-
Net Cash Used by Investing Activities	<u>27,068</u>	<u>4,828</u>	<u>5,241</u>	<u>37,137</u>	<u>5,420</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,839,765	188,485	97,178	2,125,428	431,674
Cash and Cash Equivalents at Beginning of Year	5,609,054	914,820	987,632	7,511,506	1,182,552
Cash and Cash Equivalents at End of Year	<u>\$ 7,448,819</u>	<u>\$ 1,103,305</u>	<u>\$ 1,084,810</u>	<u>\$ 9,636,934</u>	<u>\$ 1,614,226</u>
Cash and cash equivalents	\$ 4,366,864	\$ 1,103,305	\$ 1,084,810	\$ 6,554,979	\$ 1,614,226
Restricted cash and cash equivalents	3,081,955	-	-	3,081,955	-
Total Cash and Cash Equivalents	<u>\$ 7,448,819</u>	<u>\$ 1,103,305</u>	<u>\$ 1,084,810</u>	<u>\$ 9,636,934</u>	<u>\$ 1,614,226</u>

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

CITY OF CAMAS, WASHINGTON
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended December 31, 2014

	Enterprise Funds				(Governmental Activities)
	Water-Sewer	Storm Water Drainage	Sanitary	Total	Internal Service - Equipment Rental
Reconciliation of Operating Income (Loss) to Net					
Cash Used by Operating Activities:					
Net Operating Income (Loss)	\$ 1,618,695	\$ (19,307)	\$ 178,935	\$ 1,778,323	\$ 497,665
Adjustments to Reconcile Net Operating Income (Loss) to Net					
Cash Provided by Operations:					
Depreciation Expense	3,057,858	435,104	-	3,492,962	311,024
(Increase) Decrease in Receivables	(41,616)	(45,394)	(94,915)	(181,925)	(6,427)
(Increase) Decrease in Prepaid Assets	2,421			2,421	-
Increase (Decrease) in Current Payables	(31,911)	9,796	26,066	3,951	1,387
Increase (Decrease) in Accrued Employee Benefits	18,112	54	(18,149)	17	(10,944)
Increase (Decrease) in Customer Deposits	(155,023)	-	-	(155,023)	-
Receipt of Non-Operating Revenues	146,805	-	-	146,805	16,089
Total Adjustments	2,996,646	399,560	(86,998)	3,309,208	311,129
Net Cash Provided by Operating Activities	<u>\$ 4,615,341</u>	<u>\$ 380,253</u>	<u>\$ 91,937</u>	<u>\$ 5,087,531</u>	<u>\$ 808,794</u>
Noncash Investing, Financing and Capital Activities					
Capital Assets Donated	\$ 1,033,567	\$ 557,032	\$ -	\$ 1,590,599	\$ 15,371
Net Change in Fair Value of Investments	915	-	-	915	-

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

CITY OF CAMAS, WASHINGTON
Firemen's Pension Fund
Statement of Fiduciary Net Position
December 31, 2014

	<u>2014</u>
Assets:	
Cash, Cash Equivalents, and Pooled Investments	\$ <u>2,533,361</u>
Total Assets	<u>2,533,361</u>
Liabilities:	
Total Liabilities	<u>-</u>
Net Position	
Held in Trust for Pension Benefits	\$ <u><u>2,533,361</u></u>

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

CITY OF CAMAS, WASHINGTON
Firemen's Pension Fund
Statement of Changes in Fiduciary Net Position
For The Year Ended December 31, 2014

	<u>2014</u>
Additions:	
Employer Contributions:	
For Pension Benefits	\$ -
Total Contributions	<u>-</u>
Investment Income:	
Interest Earnings	11,423
Net increase (decrease) in the fair value of investments	<u>-</u>
Net Investment Income	<u>11,423</u>
Total Additions	<u>11,423</u>
Deductions:	
Pension Benefits	<u>14,692</u>
Total Deductions	<u>14,692</u>
Net Increase in Fiduciary Net Position	(3,269)
Net Position - Beginning	<u>2,536,630</u>
Net Position - Ending	<u>\$ 2,533,361</u>

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

City of Camas

Notes to the Financial Statements

December 31, 2014

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Camas, Washington have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described below.

A. REPORTING ENTITY

The City of Camas was incorporated June 2, 1906 and operates under laws of the State of Washington applicable to non-charter code cities with a mayor-council form of government. As required by generally accepted accounting principles the financial statements present the City of Camas, the primary government. The City provides police, fire, streets, sanitation, recreation, library, cemetery, public improvements, planning and zoning, water supply, treatment and distribution and sewage collection and treatment services. In addition, the City also provides ambulance and emergency aid to all City of Camas residents and residents of the geographic area of the City of Washougal and East County Fire and Rescue. To support this function, the City of Washougal and East County Fire and Rescue levies property taxes and remits to the City their share of funding the ambulance and emergency aid services provided.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

The City incurs indirect costs for charges that benefit other funds such as administrative costs and overhead. The General Fund pays for all of the costs of operating City Hall, for general office supplies, the audit, banking services, and other administrative costs. The expenses are for the benefit of more than just the General Fund. Through an allocation procedure, the other funds are charged for proportionate share of the costs. For example, the audit by the City's actual expenditures and the computer facilities by the number of computers by department. The General Fund incurred approximately \$1,341,290 in indirect costs which were reimbursed to the general fund through interfund charges.

Fund Financial Statements are separate financial statements provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

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

The *Camas/Washougal Fire and Emergency Services Fund* was established to account for the revenues and expenditures made in purchasing, maintaining and operating providing fire services and emergency aid service and ambulance transport for the City, the City of Washougal and East County Fire and Rescue. The primary revenue for this is voted EMS property tax levy funds and the City of Washougal and East County Fire and Rescue pay the City a fee from their EMS levies to fund their proportionate share of service. Additionally, the City of Washougal makes additional contributions to build reserves. The monthly service fee is reconciled to actual expenses each year and any variance adjusts the next years monthly service fee.

The *NW 38th Street Constuction Fund* is a capital projects fund which accounts for construction and extension of transportation capital facilities. Dedicated grant revenues and loan proceeds finance this activity.

The *Friberg Constuction Fund* is a capital projects fund which accounts for construction and extension of a major transportation capital facilities. Dedicated grant revenues and loan proceeds finance this activity.

The City reports the following major proprietary funds:

The *Water-Sewer Fund* accounts for the activities of one of the City's utilities. Its revenues are received from the sales of water and charges for sewer collection and treatment. Expenses are for maintenance and extensions of water and sewer service facilities, operating and expanding a water supply system, and operating a sewer treatment plant. This fund also reflects the operation of revenue bonds outstanding, cumulative bond reserves and construction funds.

The *Storm Water Drainage Fund* accounts for the activities of the City's storm water operations and capital facilities. Revenues are received from charges for storm water drainage services and system development charges. Expenses are for the maintenance of the drainage system, street cleaning, and expanding the City's storm water drainage facilities.

The *Sanitary Fund* accounts for the activities of the city's sanitation operations. Revenues are received from charges for garbage and recycling services. Expenses are for the collection and disposal services provided to citizens and businesses within the City.

Additionally, the government reports the following fund types:

Debt Service Funds account for the resources accumulated and payments made for principal and interest on the general government except those required to be accounted for in another fund.

Special Revenue Funds account for the proceeds of specific revenue sources to finance specific activities as required by law or administrative regulation. Their revenues are earmarked to finance certain activities or functions.

Capital Project Funds account for the acquisition or development of capital facilities for governmental activities. Their major sources of revenues are from proceeds from general obligation bonds, loans, real estate excise tax, impact fees, grants from other agencies and contributions from other funds.

Internal Service Funds account for equipment management services provided to other departments of the government, or to other governments on a cost reimbursement basis.

The *Pension Trust Fund* accounts for the activities of the Firemen's Pension fund, which accumulates resources for pension benefit payments to qualified firefighter retirees.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

Basis of accounting refers to the point at which revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements. Basis relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements report the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Sales tax is considered to be available if it is collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water-Sewer and Storm Water Drainage funds, non-major enterprise funds, and the government's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. ASSETS, LIABILITIES AND NET POSITION OR EQUITY

1. Cash and Cash Equivalents and Investments

The City's cash and cash equivalents are considered to be cash on hand, certificates of deposit, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Cash resources of individual funds are invested in government securities with interest accruing for the benefit of the individual investing funds. Cash resources required for immediate reasons (within the next month) are placed to the extent possible in short-term investments such as the Washington State Local Government Investment Pool or the Clark County Investment Pool with interest accruing to the benefit of each individual fund based on the monthly average cash balance of each fund.

Statutes authorize the City to invest in obligations of the U.S. Treasury, U.S. Agencies, the State Treasurer's Investment Pool, obligations of the State of Washington or political subdivisions and public funds investment pools. The City is currently invested in one public funds investment pool, Clark County. Investments for the City are reported at fair value. The Clark County and State Treasurer Investment Pools operate in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares. All securities are transacted on the delivery versus payment basis. (See Note IV A) For the purposes of the statement of cash flows, the City considers the Washington State Local Government Investment Pool, the Clark County Investment Pool and all highly liquid investments with maturity of three months or less to be cash equivalents.

2. Receivables and Payables

One of the largest receivables for the City of Camas is property taxes. The county treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Taxes are levied annually on January 1, on property value listed as of the prior May 31. Assessed values are established by the county assessor at 100 percent of fair market value. A revaluation of all property is required every four years. Taxes are due in two equal installments on April 30 and October 31. The county treasurer remits collections monthly to the appropriate district (See Note V B). Taxes receivable consists of property taxes.

Other accounts receivable include accrued interest and customer accounts receivable. Accrued interest receivable consists of amounts earned on investments and notes at the end of the year. Customer accounts receivable consists of amounts owed from private individuals or organizations for services. (See Note IV B)

Accounts payable and other current liabilities consist of amounts owed to private individuals or organizations for goods and services and employees for amount for which checks have not been prepared.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

3. Restricted Assets

These accounts contain resources for debt service in enterprise funds. Certain proceeds of the Water-Sewer Fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Additionally, certain development fees collected within the Water-Sewer Fund are restricted for capital projects.

The current portion of related liabilities are shown as Payables from Restricted Assets. Specific debt service reserve requirements are described in Note IV item E.

4. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life greater than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. (See Note IV C)

In the case of the initial capitalization of general infrastructure (i.e., those reported by government activities) the City chose to include all such items purchased or constructed by the City with an individual cost of more than \$5,000 regardless of their acquisition date. Historical costs had previously been recorded for these items. General infrastructure donated to the city by developers has been recorded from 1977 forward. The City was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year.) As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Asset Category	Useful Life
Buildings	50
Infrastructure	10-50
Utility Improvements	10-80
Building Improvements	5-25
Vehicles	3-15
Intangibles	5-10
Office Equipment	5-10
Computer Equipment	5
Software	5

The City has constructed infrastructure with funding provided by federal financial assistance programs. Depending on the terms of the agreements involved, the federal government could retain an equity interest in these assets. However, the City has sufficient legal interest to accomplish the purposes for which the assets were acquired, and has included such assets within the applicable column in the Statement of Net Position.

5. Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation, comp time, and a portion of sick leave. The City records all accumulated unused vacation. The City also records a liability for unpaid accumulated sick leave, as certain employees are eligible to receive 25% of their sick leave balance upon retirement. All vacation and sick pay is accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. (See also Note IV F)

6. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type Statement of Net Position. Proprietary fund types record bond premiums and discounts, which are capitalized and amortized over the life of the bonds. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expensed in the year the debt is issued.

In the fund financial statements, governmental fund types recognize bond premium and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. (See also Note IV F)

7. Unearned Revenue

This account includes amounts recognized as receivables but not revenues in governmental funds because the revenue recognition criteria has not been met. (See also Note V H)

8. Restricted Net Position

The government-wide statement of net position reports \$6,030,096 of restricted net position, of which \$1,504,465 is restricted by enabling legislation.

9. Fund Balance Classifications

Assets in excess of liabilities are reported as fund balances and are segregated into separate classifications indicating the extent to which the City is bound to honor constraints on the specific purposes for which those funds can be spent.

Nonspendable: Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or are legally or contractually required to be maintained intact. Resources in nonspendable form include deferred inflows and outflows, petty cash accounts and revolving funds.

Restricted: Fund balance is reported as *restricted* when the constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed: Fund balance is reported as *committed* when the City Council passes an ordinance that places specific constraints on how the resources may be used. The City Council can modify or rescind the ordinance at any time through passage of an additional ordinance.

Assigned: Fund balance is reported as *assigned* when the City Council assign amounts for a specific purpose. The City's policy establishing this authorization is to adopt a resolution.

Unassigned: Fund balance reported as unassigned represent net resources in excess of nonspendable, restricted, committed and assigned fund balance. Only the general fund and street fund have unassigned fund balance.

When both restricted and unrestricted resources are available, the City's policy is to use restricted resources first, and then unrestricted resources, as they are needed. When committed, assigned or unassigned amounts are available, the City's policy is to use committed resources first, assigned secondly and finally unassigned resources.

The City displays \$861,683 as assigned working capital in the General Fund. \$700,000 of this is intended as a stabilization fund. This is classified as assigned because the City did not adopt a ordinance to specifically set these funds aside. No requirements or conditions for addition or spending these funds have been established by the City. The City's policy states that the total of all fund balance of the General Fund is expected to remain at 17% of annual budgeted expenditures.

NOTE II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

The governmental fund balance sheet includes a reconciliation between *fund balance—total governmental funds* and *net position—governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “Internal service funds are used by management to charge the costs of services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.” The details of this difference are as follows:

Net position of the internal service funds	\$ 3,853,077
Less: Internal receivable representing cost to business-type activities in excess of charges - prior years	(618,550)
Add: Internal payable representing charges in excess of cost to business-type activities - current year	<u>(241,089)</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	\$ <u><u>2,993,438</u></u>

Another element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this difference are as follows:

Bonds Payable	\$ 3,301,000
Accrued Interest Payable	33,732
Due to other governments	6,702,484
Plus issuance premiums	190,230
Net OPEB Obligation	2,329,303
Impact Fee Credits	368,360
Compensated Absences	<u>1,481,077</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	\$ <u><u>14,406,186</u></u>

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances—total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures.” However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this difference are as follows:

Capital Outlay	\$ 11,598,654
Depreciation expense	<u>(4,869,289)</u>
Net adjustment to increase <i>net changes in fund balances - governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ <u><u>6,729,365</u></u>

Another element of that reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.” The details of this \$2,297,600 difference are as follows:

Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources	\$ 2,320,041
The statement of activities reports gains arising from the trade-in of existing capital assets to acquire new capital assets; conversely, governmental funds do not report any gain or loss on a trade-in of capital assets	<u>(22,441)</u>
Net adjustment to increase <i>net changes in fund balances - governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ <u><u>2,297,600</u></u>

Another element of that reconciliation states that “revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds”. The details of this difference are as follows:

Impact Fee Credit revenues recognized	\$ 150,572
Court receipts	1,143
EMS receipts	48,736
Grant revenues recognized	582,237
Property taxes	<u>(34,337)</u>
Net adjustments to increase <i>net changes in fund balances total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ <u><u>748,351</u></u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are capitalized and amortized in the statement of activities.” The details of this \$158,690 difference are as follows:

Principal repayments:	
General obligation debt	\$ 1,158,794
Issuance of governmental loan	(1,000,104)
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ 158,690

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this \$339,775 difference are as follows:

Compensated Absences	\$ (211,873)
Accrued Interest	2,336
Net OPEB Obligation	(147,533)
Amortization of premium on issuance of debt	17,295
Net adjustment to decrease <i>net changes in fund balances - t governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ (339,775)

Another element of that reconciliation states that "Internal service funds are used by management to charge the costs of fleet management to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities." The details of this \$293,455 difference are as follows:

Change in net position of internal service funds	\$ 534,544
Less: Profit from charges to business-type activities	(241,089)
Net adjustment to decrease <i>net changes in fund balances - t governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ 293,455

NOTE III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

The City of Camas adopted an annual budget in accordance with provisions of the Revised Code of Washington (RCW), as interpreted by the Budgeting, Accounting, and Reporting Systems (BARS) of the State of Washington.

Annual appropriated budgets are adopted for the General Fund, special revenue funds and debt service funds not related to special assessments, on the modified accrual basis of accounting. The budgetary basis of accounting differs from generally accepted accounting principles. The budget assumes that all revenues and expenditures as well as associated cash, will be received or expended during the fiscal year.

The City budgets the Cemetery Fund activity as if it was a special revenue fund. However, GAAP requires this activity to be reported with the General Fund, as they do not have significant streams of restricted resources. From a budgetary perspective, the City budgets for the Cemetery activity separate from the General Fund. The budgetary comparison for the General Fund does not include the managerial fund.

Capital project funds and special assessment projects are appropriated as projects are scheduled, on the modified accrual basis of accounting.

Proprietary funds are budgeted on the full accrual basis for management control purposes only.

The legal level of budgetary control (the level at which expenditures may not legally exceed appropriations) is adopted at the fund level. All appropriations lapse at the end of the year.

Budget amounts shown on the basic financial statements include the original budget amounts and all appropriation transfers and adjustments approved by the City Administrator or City Council as required. The City Administrator is authorized to transfer budget amounts between departments within any fund; however any revisions that alter the total expenditures of a fund or that affect the number of authorized employee positions, salary ranges or other conditions of employment must be approved by the City Council.

When the Council determines that it is in the best interest of the City to increase or decrease the appropriations for a particular fund it may do so by ordinance approved by one more than the majority after holding public hearings.

The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

The financial statements contain the original and final budget information. The original budget is the first complete appropriated budget. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized changes applicable for the fiscal year.

B. DEFICIT FUND BALANCE

At December 31, 2014, the non-major community center capital project fund had a deficit fund balance of \$83,379 due to not yet receiving intergovernmental loan proceeds to cover 2014 construction costs.

NOTE IV. DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

Deposits:

All of the City's deposits and certificates of deposits are insured either by FDIC, or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission. Total public deposits may not exceed one and one-half times its net worth or 30% of the total public funds on deposit statewide in each qualified public depository. If public deposits exceed either of these limitations, it must collateralize the excess at 100%.

Investments:

As of December 31, 2014 the City had the following pooled investments:

Investment Type	Par Value	Fair Value	Weighted Average (Maturity Years)	Weighted Average (To Call)
Washington State Local Investment Pool (LGIP)	\$570,918	\$570,918	.12 (43 days)	.12 (43 days)
Clark County Investment Pool	\$2,635,477	\$2,635,477	1.08	1.08
U.S. Agencies	\$14,715,116	\$14,677,489	2.53 (43 days)	.11 (40 days)
Total	\$17,921,511	\$17,883,884	2.54 (915 days)	.19 (68 days)

The City also held two securities for the City of Camas Water/Sewer Bond Reserve Fund:

Investment Type	Par Value	Fair Value	Weighted Average (Maturity Years)	Weighted Average (To Call)
Municipal Bond	\$205,974	\$203,949	1.95	1.95

Interest rate risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City manages exposure to declines in fair values from interest rates by limiting the weighted average maturity of its investment portfolio to maturities that will fulfill the cash flow needs of the City of Camas. The securities in the portfolio are structured in a manner that ensures sufficient cash is available to meet anticipated cash flow needs, based on historical information. The maximum average maturity of the portfolio cannot exceed two years. In 2013, the City opted to extend maturities with callable securities. The effective duration of the portfolio is currently 1.18 years with a duration to call of 43 days or .119 years.

Credit rate risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. To limit risk, state law does not allow general governments to invest in corporate equities.

The ratings of debt securities as of December 31, 2014 are:

Debt Security	Standard and Poor's Credit Rating
Federal National Mortgage Association	AA+
Federal Farm Credit	AA+
Auburn Public Utility Revenue Bond	AA
Federal Home Loan Corp	AA+

Concentration of credit risk. Concentration risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City of Camas policy requires that the portfolio be structured to diversify investments to reduce the risk of loss by over-concentration of assets in a specific maturity, a specific issuer or a specific type of security. Diversification according to City Policy is limited as follows:

Security Type	Portfolio Maximum
Washington State LGIP or Clark County Investment Pool	75%
Single Financial Institution or Single Security Type	25%
Single Federal Agency	25%

The City has investments in government sponsored agencies. Those securities that exceed the portfolio maximum are disclosed below:

Investment Type	Maturity Date	Fair Value	Percentage of Portfolio
Federal National Mortgage Association	8/22/2016	\$994,595	5.5%
Federal National Mortgage Association	6/19/2017	\$993,392	5.6%
Federal National Mortgage Association	10/11/2017	\$988,875	5.5%
Federal National Mortgage Association	4/03/2018	\$992,035	5.5%
Federal National Mortgage Association	1/30/2018	\$990,124	5.5%
Federal National Mortgage Association	9/13/2019	\$988,037	5.5%
Federal Home Loan Corp	8/23/2017	\$1,482,455	8.3%
Federal Home Loan Corp	12/26/2017	\$1,000,082	5.6%
Federal Home Loan Corp	1/29/2018	\$998,155	5.6%
Federal Home Loan Corp	2/6/2018	\$993,396	5.5%
Federal Home Loan Corp	3/26/2018	\$990,756	5.5%
Federal Home Loan Corp	6/12/2018	\$988,205	5.5%
Federal Home Loan Corp	1/30/2019	\$1,278,661	7.1%

Custodial credit risk (deposits). Custodial risk for deposits is the risk that, in the event of a bank failure, the government's deposits may not be returned. The City's deposits and certificates of deposit are entirely covered by the Federal Deposit Insurance Corporation (FDIC) and/or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC). In the event of a bank failure, claims for the City's deposits would be satisfied by the FDIC or from the sale of collateral held in the PDPC pool.

Custodial credit risk (investments). Custodial risk for investments is in the event of a failure of the counterparty, the government would not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The City uses US Bank as the custodial agent for safekeeping of the City's investments. The bank provides monthly reports on the City's securities, all of which are held in the City's name. The investments held by the City at year-end are all book-entry, registered securities.

Total cash is stated at \$843,751. This includes cash held in a fiduciary capacity. There is additional cash held in City accounts due to "float" of outstanding items, which have not cleared the bank as of December 31, 2014. The total cash and investments held by the City, including the outstanding checks total \$18,981,132. The interest on these investments is prorated to the various funds. The City invests all available funds.

B. RECEIVABLES

Receivables as of December 31, 2014 for the City's individual major funds, nonmajor, internal services and fiduciary funds in the aggregate, including the applicable allowance for uncollectible accounts, are shown as follows:

	<u>Taxes</u>	<u>Accounts Receivable</u>	<u>Due from Other Gov'ts</u>	<u>Interest</u>	<u>Total</u>
General Fund	\$ 852,506	\$ 25,944	\$ 206,369	\$ 5,204	\$ 1,090,023
Camas/Washougal Fire					
Fund	34,203	314,273	-	-	348,476
NW 38th Street	-	-	162,168	-	162,168
Friberg Construction					
Fund	-	-	1,117,296	-	1,117,296
Other Governmental					
Funds	11,622	15,550	216,149	-	243,321
Water-Sewer	-	1,446,320	-	-	1,446,320
Storm Water Drainage	-	203,860	51,387	-	255,247
Sanitary	-	392,407	-	-	392,407
Internal Service	-	12,569	-	-	12,569
Net Receivables	<u>\$ 898,331</u>	<u>\$ 2,410,923</u>	<u>\$ 1,753,369</u>	<u>\$ 5,204</u>	<u>\$ 5,067,827</u>

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but have not yet been earned. At the end of the current fiscal year, the various components of deferred inflows of resources and unavailable revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>
Property taxes receivable (general fund)	\$ 157,173
Property taxes receivable (fire EMS fund)	17,428
Property taxes receivable (debt service fund)	10,256
Court fines receivable (general fund)	212,782
Grant receivable (general fund)	2,455
Grant receivable (Friberg)	1,052,123
Grant receivable (38th Street)	162,168
Grant receivable (non major funds)	23,316
Due from other governmental units (fire EMS fund)	12,215
Accounts receivable (fire EMS fund)	232,884
Total deferred/unavailable revenue for governmental funds	<u>\$ 1,882,800</u>

C. CAPITAL ASSETS

A summary of capital asset activity for the year ended December 31, 2014 was as follows:

	Beginning Balance 01/01/14	Increases	Decreases	Ending Balance 12/31/14
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 59,578,601	\$ 419,264	\$ -	\$ 59,997,865
Construction in progress	3,980,208	9,903,614	2,485,878	11,397,944
Total capital assets, not being depreciated	63,558,809	10,322,878	2,485,878	71,395,809
Capital assets, being depreciated/depleted				
Buildings	16,088,680	2,619,909	-	18,708,589
Improvements other than buildings	8,607,796	388,742	-	8,996,538
Machinery and equipment	10,245,187	1,431,084	48,804	11,627,467
Intangibles	85,049	13,410	-	98,459
Infrastructure	90,274,570	2,061,005	-	92,335,575
Total capital assets being depreciated	125,301,282	6,514,150	48,804	131,766,628
Less accumulated depreciation for:				
Buildings	4,972,837	438,435	-	5,411,272
Improvements other than buildings	4,796,619	338,614	-	5,135,233
Machinery and equipment	6,682,553	659,698	21,913	7,320,338
Intangibles	79,976	2,510	-	82,486
Infrastructure	55,231,862	3,741,055	-	58,972,917
Total accumulated depreciation	71,763,847	5,180,312	21,913	76,922,246
Total capital assets, being depreciated, net	53,537,435	1,333,838	26,891	54,844,382
Governmental activities				
capital assets, net	\$ 117,096,244	\$ 11,656,716	\$ 2,512,769	\$ 126,240,191

	Beginning Balance 01/01/14	Increases	Decreases	Ending Balance 12/31/14
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 983,172	\$ 30,849	\$ -	\$ 1,014,021
Construction in progress	4,540,687	4,322,314	6,662,126	2,200,875
Total capital assets, not being depreciated:	<u>5,523,859</u>	<u>4,353,163</u>	<u>6,662,126</u>	<u>3,214,896</u>
Capital assets, being depreciated:				
Buildings and system	26,510,132	1,204,198	-	27,714,330
Intangibles	14,062	-	-	14,062
Improvements other than buildings	8,548,300	103,721	-	8,652,021
Machinery and equipment	25,581,373	2,745,604	45,570	28,281,407
Infrastructure	63,451,596	4,655,979	-	68,107,575
Total capital assets, being depreciated	<u>124,105,463</u>	<u>8,709,502</u>	<u>45,570</u>	<u>132,769,395</u>
Less accumulated depreciation for:				
Buildings and system	5,160,039	817,020	-	5,977,059
Intangibles*	4,461	2,812	-	7,273
Improvements other than buildings	2,954,782	255,478	-	3,210,260
Machinery and equipment	7,866,476	910,508	35,128	8,741,856
Infrastructure	17,272,733	1,507,144	-	18,779,877
Total accumulated depreciation	<u>33,258,491</u>	<u>3,492,962</u>	<u>35,128</u>	<u>36,716,325</u>
Total capital assets, being depreciated, net	90,846,972	5,216,540	10,442	96,053,070
Business-type activities capital assets, net	<u>\$ 96,370,831</u>	<u>\$ 9,569,703</u>	<u>\$ 6,672,568</u>	<u>\$ 99,267,966</u>

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

Governmental activities:

General government	\$ 87,312
Public safety	320,685
Transportation, including depreciation of general infrastructure assets	3,875,570
Physical environment	4,923
Culture and recreation	580,798
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>311,024</u>
Total depreciation expense—governmental activities	<u>\$5,180,312</u>

Business-type activities:

Water-Sewer	\$3,057,858
Storm Water Drainage	<u>435,104</u>
Total depreciation expense—business-type activities	<u>\$3,492,962</u>

Significant Commitments

The City has remaining construction projects as of December 31, 2014. They include Governmental and Business type projects. While these projects have contracts issued for their construction, there is not an immediate liability to the City. Rather, the contracts represent a commitment that should be disclosed. The following lists these commitments:

Governmental Type Construction Projects:

Project	Projects to Date	Remaining Commitment
NW Friberg/Strunk Construction	\$5,249,413	\$1,000,000
NW 38 th Ave. Phase II & III	\$5,592,347	\$500,000
NW Brady Road Street Improvements	\$13,772	\$6,500,000
NW 6 th & Norwood Signal	\$23,072	\$3,000,000

Business Activity Construction Projects:

Project	Projects to Date	Remaining Commitment
544 Pressure Zone Project – Water Treatment Facility	\$1,016,259	\$7,500,000
Sanitary Sewer Bypass Line	\$754,795	\$3,600,000
NW Friberg Water/Sewer	\$317,144	\$115,000

D. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Loans between funds are classified as interfund loans receivable or payable or as advances to and from other funds on the Statement of Net Position. Within the City, one fund may borrow from another when specifically authorized by council resolution. Due to other funds and due from other funds result from work performed or services rendered to or for the benefit of another fund of the same government.

The Emergency Management Services Fund borrowed \$367,966 from the Growth Management Fund for cash needs pending the receipt of property taxes. \$350,000 of this balance was paid as of December 31, 2013, leaving a balance of \$17,966, which was fully paid in 2014. This short term interfund borrowing occurs each year because property taxes that are significant revenue for the Emergency Management Services Fund are only received in May and November. In 2014, the NW 38th Street and Friberg Street Construction Funds repaid the interfund loan of \$402,134 and \$179,069, respectively, from the Growth Management Fund to cover capital outlays until grant funds were received. During 2014, interfund borrowings were replaced by the line of credit.

Interfund transfers are the flow of assets without a reciprocal return of assets, goods or services. These are transfers to support other funds without a requirement for repayment. The interfund transfer activity for the year is as follows:

Transfers Out:					
Transfers In:	Emergency Management Services	NW 38th Street Construction	Friberg Construction	Non Major Governmental	Total
General Fund	\$ 2,023,555	\$ 45,000	\$ -	\$ 1,935,044	\$ 4,003,599
Emergency Management Services	-	-	-	30,248	30,248
Nonmajor Governmental Funds	-	540,206	145,377	776,378	1,461,961
Total	\$ 2,023,555	\$ 585,206	\$ 145,377	\$ 2,741,670	\$ 5,495,808

During 2014 no significant non-routine and infrequent transfers were made.

E. RESTRICTED COMPONENT OF NET POSITION

The balances of the restricted net position in the enterprise funds are as follows:

	Amount
Revenue bond debt service account - Water-Sewer	\$ 902,307
Capital Reserve Account - Water-Sewer	3,510,847
	<u>4,413,154</u>

F. LONG-TERM DEBT

GENERAL OBLIGATION DEBT

Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major governmental activity capital facilities. The City had \$3,301,000 in general obligation bonds outstanding on December 31, 2014.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds are either created by 3/5 majority vote of the people and, therefore, financed by a special tax levy; or created by ordinance, adopted by the City Council, and financed from general revenues.

General obligation bonds currently outstanding are as follows:

Name & Amount of Issuance	Governmental Purpose	Issuance Date	Maturity Date	Interest Rate	Debt Outstanding
2005 Unlimited GO (\$5,432,000)	Refunding	10/11/2005	12/1/2020	3.70%	3,301,000
Total General Obligation Bonds					<u>\$ 3,301,000</u>

\$34,561 is available in the Debt Service Funds to service the general obligation bonds. Annual debt service requirements to maturity for general obligation bonds are as follows:

2005 Unlimited Tax GO Refunding Bonds				
	Coupon Rates	Principal	Interest	Total Requirements
2015	3.70	500,000	122,137	622,137
2016	3.70	519,000	103,637	622,637
2017	3.70	542,000	84,434	626,434
2018	3.70	558,000	62,580	620,580
2019	3.70	579,000	43,732	622,732
2019-2020	3.70	603,000	22,311	625,311
		<u>\$ 3,301,000</u>	<u>\$ 438,831</u>	<u>\$ 3,739,831</u>

Government Loans

The City has also received government loans to provide for construction of capital projects. Government loans outstanding at year-end are as follows:

Name & Amount of Issuance	Purpose	Issuance Date	Maturity Date	Interest Rate	Debt Outstanding
<u>Governmental Activities</u>					
1996 PWTF (\$1,350,000)	Capital	8/21/1996	7/1/2016	3.00%	\$ 192,856
1997 PWTF (\$900,000)	Capital	7/1/1997	7/1/2017	3.00%	173,571
2001 PWTF (\$613,731)	Capital	3/26/2001	7/1/2022	0.50%	232,760
2003 PWTF (\$2,350,000)	Capital	5/21/2004	7/1/2023	0.50%	1,295,889
2009 State LOCAL (\$408,840)	Capital	6/23/2009	1/9/2016	4.01%	97,184
2012 PWTF (\$2,600,000)	Capital	12/13/2011	6/1/2031	0.50%	2,413,144
2013 State LOCAL (\$1,715,000)	Capital	8/22/2013	6/1/2028	3.52%	1,630,000
2013 State LOCAL (\$259,767)	Capital	8/22/2013	6/1/2021	2.61%	231,615
2013 PWTF (\$300,000)	Capital	6/3/2013	6/1/2018	1.00%	300,000
2013 State LOCAL (\$159,985)	Capital	8/22/2013	6/1/2019	1.62%	135,465
Governmental Total					<u>6,702,484</u>
<u>Business-type Activities</u>					
1999 PWTF (\$3,195,000)	Water-Sewer	5/5/1999	7/1/2019	1.00%	845,460
Comm. Econ. Revital. Board (\$600,000)	Water-Sewer	1/1/2001	1/1/2016	5.85%	107,960
1996 Department of Ecology (EPA) (\$1,185,920)	Water-Sewer	1996	4/17/2017	4.30%	208,167
1998 Department of Ecology (EPA) (\$8,826,516)	Water-Sewer	1998	9/15/2020	4.10%	3,459,443
2007 PWTF (\$1,000,000)	Water-Sewer	8/6/2007	7/1/2027	0.50%	586,807
2008 PWTF (\$10,000,000)	Water-Sewer	3/7/2008	7/1/2028	0.50%	7,773,684
2009 ARRA (\$1,313,000)	Water-Sewer	4/27/2009	10/1/2032	1.00%	523,895
2011 DOE (\$5,168,026)	Water-Sewer	1/10/2011	6/30/2032	2.80%	4,807,551
2012 PWTF (\$3,740,000)	Water-Sewer	8/9/2012	6/1/2032	0.50%	602,190
2012 PWTF (\$10,513,790)	Water-Sewer	4/9/2013	10/1/2036	1.00%	3,580,700
Business-type Total					<u>22,495,857</u>
<i>Total Government Loans</i>					<u>\$ 29,198,341</u>

Government loan debt service requirements to maturity are as follows:

Governmental Activities			
	Principal	Interest	Total Requirements
2015	751,628	126,847	878,475
2016	727,169	114,558	841,727
2017	599,689	101,782	701,471
2018	549,491	90,865	640,356
2019	482,582	80,552	563,134
2020-2024	2,013,277	258,316	2,271,593
2025-2029	1,294,748	68,694	1,363,442
2030-2031	283,901	2,129	286,030
	<u>\$ 6,702,484</u>	<u>\$ 843,743</u>	<u>\$ 7,546,227</u>

Business-type Activities			
	Principal	Interest	Total Requirements
2015	1,702,483	338,317	2,040,800
2016	1,736,706	303,979	2,040,685
2017	1,848,243	391,795	2,240,038
2018	1,834,643	261,282	2,095,925
2019	1,865,618	223,348	2,088,966
2020-2024	6,169,482	717,375	6,886,857
2025-2029	5,084,587	369,011	5,453,598
2030-2034	1,896,024	82,455	1,978,479
2035-2036	358,070	5,371	363,441
	<u>\$ 22,495,857</u>	<u>\$ 2,692,933</u>	<u>\$ 25,188,790</u>

Annual debt service requirements to maturity for each of the individual governmental loans are as follows:

1996 Public Works Trust Fund Loan-Parker St			
	Principal	Interest	Total Requirements
2015	96,428	5,304	101,732
2016	96,428	2,893	99,321
	<u>\$ 192,856</u>	<u>\$ 8,197</u>	<u>\$ 201,053</u>

1997 Public Works Trust Fund Loan-Parker St.

	Principal	Interest	Total Requirements
2015	57,857	4,773	62,630
2016	57,857	3,471	61,328
2017	57,857	1,736	59,593
\$	<u>173,571</u>	<u>\$ 9,980</u>	<u>\$ 183,551</u>

2001 Public Works Trust Fund Loan-SE 1st Ave

	Principal	Interest	Total Requirements
2015	33,252	1,067	34,319
2016	33,252	998	34,250
2017	33,252	831	34,083
2018	33,251	665	33,916
2019	33,251	499	33,750
2020-2020	66,502	499	67,001
\$	<u>232,760</u>	<u>\$ 4,559</u>	<u>\$ 237,319</u>

2003 Public Works Trust Fund Loan-SE 1st Ave

	Principal	Interest	Total Requirements
2015	143,988	5,940	149,928
2016	143,988	5,760	149,748
2017	143,988	5,040	149,028
2018	143,988	4,320	148,308
2019	143,987	3,600	147,587
2019-2023	575,950	7,200	583,150
\$	<u>1,295,889</u>	<u>\$ 31,860</u>	<u>\$ 1,327,749</u>

2009 Local Option Capital Asset Lending (LOCAL) Loan

	Principal	Interest	Total Requirements
2015	64,144	3,262	67,406
2016	33,040	663	33,703
	\$ 97,184	\$ 3,925	\$ 101,109

2012 Public Works Trust Fund Loan-38th St

	Principal	Interest	Total Requirements
2015	141,950	12,066	154,015
2016	141,950	11,356	153,306
2017	141,950	10,646	152,596
2018	141,950	9,936	151,886
2019	141,950	9,227	
2020-2024	709,748	35,487	745,235
2025-2029	709,748	17,744	727,492
2030-2031	283,900	2,129	286,029
	\$ 2,413,144	\$ 108,591	\$ 2,521,735

2013 Local Option Capital Asset Lending (LOCAL) Loan--Community Center

	Principal	Interest	Total Requirements
2015	85,000	72,775	157,775
2016	90,000	70,150	160,150
2017	90,000	67,000	157,000
2018	95,000	62,825	157,825
2019	100,000	57,950	157,950
2020-2024	585,000	207,375	792,375
2025-2028	585,000	50,950	635,950
	\$ 1,630,000	\$ 589,025	\$ 2,219,025

2013 Local Option Capital Asset Lending (LOCAL) Loan--Ambulance

	Principal	Interest	Total Requirements
2015	25,142	5,107	30,249
2016	25,908	4,341	30,249
2017	26,833	3,416	30,249
2018	28,071	2,178	30,249
2019	29,511	738	30,249
\$	<u>135,465</u>	<u>\$ 15,780</u>	<u>\$ 151,245</u>

2013 Local Option Capital Asset Lending (LOCAL) Loan--HVAC

	Principal	Interest	Total Requirements
2015	28,867	13,555	42,422
2016	29,746	12,676	42,422
2017	30,809	11,613	42,422
2018	32,231	10,191	42,422
2019	33,884	8,538	42,422
2020-2023	76,078	7,755	83,833
\$	<u>231,615</u>	<u>\$ 64,328</u>	<u>\$ 295,943</u>

2013 Public Works Trust Fund Loan-NW Friberg/NW Goodwin

	Principal	Interest	Total Requirements
2015	75,000	3,000	78,000
2016	75,000	2,250	77,250
2017	75,000	1,500	76,500
2018	75,000	750	75,750
\$	<u>300,000</u>	<u>\$ 7,500</u>	<u>\$ 307,500</u>

1999 Public Works Trust Fund Loan-WWTP Upgrade

	Principal	Interest	Total Requirements
2015	169,092	7,750	176,842
2016	169,092	6,764	175,856
2017	169,092	5,073	174,165
2018	169,092	3,382	172,474
2019	169,092	1,691	170,783
\$	<u>845,460</u>	<u>24,660</u>	<u>870,120</u>

2001 Community Economic Revitalization Board

	Principal	Interest	Total Requirements
2015	52,446	6,315	58,761
2016	55,514	3,247	58,761
\$	<u>107,960</u>	<u>9,562</u>	<u>117,522</u>

1996 Department of Ecology (EPA) Loan-STP

	Principal	Interest	Total Requirements
2015	80,620	8,094	88,714
2016	84,124	4,590	88,714
2017	43,423	934	44,357
\$	<u>208,167</u>	<u>13,618</u>	<u>221,785</u>

1998 Department of Ecology (EPA) Loan-STP

	Principal	Interest	Total Requirements
2015	519,693	136,565	656,258
2016	541,219	115,039	656,258
2017	563,637	92,621	656,258
2018	586,983	69,275	656,258
2019	611,296	44,962	656,258
2020	636,615	19,642	656,257
\$	<u>3,459,443</u>	<u>478,104</u>	<u>3,937,547</u>

2007 Public Work Trust Fund Loan-WWTP Design

	Principal	Interest	Total Requirements
2015	45,139	2,690	47,828
2016	45,139	2,708	47,847
2017	45,139	2,483	47,622
2018	45,139	2,257	47,396
2019	45,139	2,031	47,170
2020-2024	225,695	6,771	232,466
2025-2027	135,417	1,354	136,771
	<u>\$ 586,807</u>	<u>\$ 20,294</u>	<u>\$ 607,100</u>

2008 Public Work Trust Fund Loan-WWTP Construction

	Principal	Interest	Total Requirements
2015	555,263	35,629	590,893
2016	555,263	36,092	591,355
2017	555,263	33,316	588,579
2018	555,263	30,539	585,803
2019	555,263	27,763	583,026
2020-2024	2,776,316	97,171	2,873,487
2025-2028	2,221,052	27,763	2,248,815
	<u>\$ 7,773,684</u>	<u>\$ 288,274</u>	<u>\$ 8,061,958</u>

2009 ARRA Loan-Well #14

	Principal	Interest	Total Requirements
2015	30,817	5,239	36,056
2016	30,817	4,931	35,748
2017	30,817	4,623	35,440
2018	30,817	4,314	35,131
2019	30,817	4,006	34,823
2020-2024	154,085	15,400	169,485
2025-2029	154,085	7,704	161,789
2030-2031	61,640	925	62,565
	<u>\$ 523,895</u>	<u>\$ 47,142</u>	<u>\$ 571,037</u>

2011 Department of Ecology Loan

	Principal	Interest	Total Requirements
2015	215,958	133,889	349,847
2016	222,083	127,764	349,847
2017	228,382	121,465	349,847
2018	234,859	114,988	349,847
2019	241,520	108,326.92	349,847
2020-2024	1,314,320	434,915	1,749,235
2025-2029	1,511,581	237,654	1,749,235
2030-2032	838,848	35,769	874,617
\$	<u>4,807,551</u>	<u>\$ 1,314,771</u>	<u>\$ 6,122,322</u>

2012 Public Works Trust Fund--Surface Water Supply

	Principal	Interest	Total Requirements
2015	-	-	-
2016	-	-	-
2017	179,035	128,604	307,639
2018	179,035	34,017	213,052
2019	179,035	32,226	211,261
2020-2024	895,175	134,276	1,029,451
2025-2029	895,175	89,518	984,693
2030-2034	895,175	44,759	939,934
2035-2036	358,070	5,371	363,441
\$	<u>3,580,700</u>	<u>\$ 468,771</u>	<u>\$ 4,049,471</u>

2012 Public Works Trust Fund--Sewer Main

	Principal	Interest	Total Requirements
2015	33,455	2,146	35,601
2016	33,455	2,844	36,299
2017	33,455	2,676	36,131
2018	33,455	2,509	35,964
2019	33,455	2,342	35,797
2020-2024	167,275	9,200	176,475
2025-2029	167,275	5,018	172,293
2030-2032	100,365	1,004	101,369
\$	<u>602,190</u>	<u>\$ 27,739</u>	<u>\$ 629,929</u>

REVENUE BONDS

The City also issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds are created by ordinance, adopted by the City Council and financed from enterprise fund revenues. The original amount of revenue bonds issued in prior years was \$9,890,000. The water sewer revenue bonds are issued to finance capital projects. Revenue bonds outstanding at year-end are as follows:

Revenue bond debt service requirements to maturity are as follows:

Name & Amount of Issuance	Issuance Date	Maturity Date	Interest Rate	Debt Outstanding
1998 Water Sewer Refunding (\$4,370,000)	10/28/1998	4/1/2016	3.5% to 4.45%	\$ 880,000
2007 Water Sewer (\$5,520,000)	9/6/2007	12/1/2026	4.25% to 5.00%	<u>3,990,000</u>
<i>Total Revenue Bonds</i>				<u>\$ 4,870,000</u>

Revenue Bonds			
	Principal	Interest	Total Requirements
2015	685,000	202,195	887,195
2016	715,000	178,973	893,973
2017	280,000	155,710	435,710
2018	295,000	141,710	436,710
2019	310,000	126,960	436,960
2020-2024	1,765,000	416,895	2,181,895
2025-2026	820,000	54,560	874,560
	<u>\$ 4,870,000</u>	<u>\$ 1,277,003</u>	<u>\$ 6,147,003</u>

The maximum annual debt service or \$902,307 is set aside in the reserve account of the Water-Sewer Fund in accordance with bond requirements. Annual debt service requirements to maturity for each of the individual revenue bonds are as follows:

1998 Water-Sewer Refunding Bond				
	Coupon Rates	Principal	Interest	Total Requirements
2015	4.40	430,000	29,485	459,485
2016	4.45	450,000	10,013	460,013
		<u>\$ 880,000</u>	<u>\$ 39,498</u>	<u>\$ 919,498</u>

2007 Water-Sewer Bond				
	Coupon Rates	Principal	Interest	Total Requirements
2015	5.00%	255,000	181,710	436,710
2016	5.00	265,000	168,960	433,960
2017	5.00	280,000	155,710	435,710
2018	5.00	295,000	141,710	436,710
2019	4.50	310,000	126,960	436,960
2020-2024	4.5-4.3	1,765,000	416,895	2,181,895
2025-2026	4.4-4.3	820,000	54,560	874,560
		\$ 3,990,000	\$ 1,246,505	\$ 5,236,505

The City is required by revenue bond indenture ordinances to maintain debt service coverage of its revenue bonded debt of at least 1.25. Total operating revenues less operating expenses, not including depreciation and amortization, must be at least 1.25 times the maximum principal and interest due in any one year until date of retirement of the bonds. Debt service coverage from operating revenues for the year ended December 31, 2014 was 4.86.

ARBITRAGE

The City has one bond issue, the 2007 Water and Sewer Revenue Bonds, subject to arbitrage calculations for the Internal Revenue Service because it did not meet the small issuer exemption. This bond issue does not have a rebatable arbitrage liability due to the negative arbitrage calculation of \$102,242.

COMPENSATED ABSENCES

Accumulated amounts of vacation and sick leave are accrued as an expenditure when incurred in Proprietary Funds, but only the amount of reimbursable unused vacation leave payable to employees who have terminated their employment as of the end of the fiscal year is shown as a liability in governmental funds. The remainder of the liability is reported in the governmental activities column of the Statement of Net Position.

As of December 31, 2014, the recorded liability on the government-wide statements for vacation and sick leave is \$1,755,756, with \$1,533,153 recorded in governmental activities and \$222,603 in business-type activities. City employees receive vacation and sick leave time at monthly rates established by city ordinance or union agreement. Vacation is accrued monthly by employees at annual rates ranging from 8 to 30 days depending upon tenure and union agreements with a maximum accrual limit of 50 days. Sick leave accruals vary, depending upon union agreement, between 8 and 18 hours per month. Vacation pay is paid upon termination or retirement, and 25% of sick pay is paid upon retirement.

CHANGES IN LONG-TERM LIABILITIES

The following is a summary of long-term debt changes of the City for the year:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable:					
General obligation bonds	\$ 3,787,000	\$ -	\$ 486,000	\$ 3,301,000	\$ 500,000
Government loans	6,375,178	1,000,104	672,798	6,702,484	751,628
Less deferred amounts					
For Issuance premiums (discounts)	207,525	-	17,291	190,234	17,295
Total government loans	6,582,703	1,000,104	690,089	6,892,718	768,923
Pension/OPEB obligation	2,191,939	149,635	1,293	2,340,281	-
Compensated absences	1,333,033	1,411,175	1,211,055	1,533,153	153,315
Governmental activity long-term liabilities	\$ <u>13,894,675</u>	\$ <u>2,560,914</u>	\$ <u>2,388,437</u>	\$ <u>14,067,152</u>	\$ <u>1,422,238</u>
Business-type activities					
Revenue bonds	\$ 5,525,000	\$ -	\$ 655,000	\$ 4,870,000	\$ 685,000
Less deferred amounts					
For issuance premiums (discounts) on refunding	77,230	-	5,263	71,967	5,260
Total bonds payable	5,602,230	-	660,263	4,941,967	690,260
Government loans	20,464,943	3,675,934	1,645,020	22,495,857	1,702,483
Pension/OPEB obligation	101,735	8,090	-	109,825	-
Compensated absences	230,674	172,373	180,442	222,605	22,260
Business-type activity long-term liabilities	\$ <u>26,399,582</u>	\$ <u>3,856,397</u>	\$ <u>2,485,725</u>	\$ <u>27,770,254</u>	\$ <u>2,415,003</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end internal service funds compensated absences of \$52,076 and OPEB liability of \$10,982. Also, for the governmental activities, claims and judgments, compensated absences and net other post-employment benefit obligations are generally liquidated by operating funds, such as the General Fund, Street Fund, and the Camas/Washougal Fire and Emergency Management Services Fund.

The City's legal limit of indebtedness is 1½% of assessed property value without a vote of the taxpayers and 2½% with a vote of the taxpayers. At December 31, 2014, the remaining nonvoted and voted remaining capacity was \$23,511,661 and \$50,788,589, respectively.

G. SHORT-TERM DEBT

The City obtained a tax anticipation note authorized at \$7,000,000 for the purpose of paying expenditures of the City's construction and other funds, pending the receipt of taxes, debt proceeds and other revenues. This note is drawn down as needed, similar to a line of credit. The following funds shared in the borrowing: 38th Avenue Construction, Friberg-Strunk Construction, Camas Washougal Fire and EMS fund, and Lacamas Lodge Construction project.

The beginning balance of the line of credit was \$0. During 2014, proceeds of \$6,635,001 and repayments of \$4,837,799 were made. At December 31, 2014 the balance of the line of credit was \$1,798,549, including accrued interest of \$1,347.

NOTE V. OTHER DISCLOSURES

A. RISK MANAGEMENT

The City is a member of the Washington Cities Insurance Authority (WCIA).

Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. WCIA has a total of 162 Members.

New members initially contract for a three-year term, and thereafter automatically renew on an annual basis. A one-year withdrawal notice is required before membership can be terminated. Termination does not relieve a former member from its unresolved loss history incurred during membership.

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, public officials' errors or omissions, stop gap, and employee benefits liability. Limits are \$4 million per occurrence self-insured layer, and \$16 million per occurrence in the re-insured excess layer. The excess layer is insured by the purchase of reinsurance and insurance and is subject to aggregate limits. Total limits are \$20 million per occurrence subject to aggregate sublimits in the excess layers. The Board of Directors determines the limits and terms of coverage annually.

Insurance coverage for property, automobile physical damage, fidelity, inland marine, and boiler and machinery are purchased on a group basis. Various deductibles apply by type of coverage. Property insurance and auto physical damage are self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that amount by the purchase of insurance.

In-house services include risk management consultation, loss control field services, claims and litigation administration, and loss analyses. WCIA contracts for the claims investigation consultants for personnel issues and land use problems, insurance brokerage, and lobbyist services.

WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by an outside, independent actuary. The assessment covers loss, loss adjustment, and administrative expenses. As outlined in the interlocal, WCIA retains the right to additionally assess the membership for any funding shortfall.

In the past three years, the City has not had any settlements exceeding the City's coverage with WCIA.

An investment committee, using investment brokers, produces additional revenue by investment of WCIA's assets in financial instruments which comply with all State guidelines.

A Board of Directors governs WCIA, which is comprised of one designated representative from each member. The Board elects an Executive Committee and appoints a Treasurer to provide general policy direction for the organization. The WCIA Executive Director reports to the Executive Committee and is responsible for conducting the day to day operations of WCIA.

B. PROPERTY TAXES

The county treasurer bills and collects all property taxes and remits the City's share once daily. Property taxes are recognized when levied, and measurable and available to finance expenditures of the current period. Property taxes not available to finance the current period are disclosed as unearned revenue on the balance sheet.

A city is permitted by law to levy up to \$3.60 per \$1,000 of assessed valuation for general governmental services. This amount may be reduced for any of the following reasons:

- The Washington State Constitution limits the total regular property taxes to one percent of assessed valuation or \$10 per \$1,000 of value. If the taxes of all the districts exceed this amount, each is proportionately reduced until total is at or below the one percent limit.
- Washington State Law RCW 84.55.010 limits the growth of regular property taxes to one percent per year or by the Implicit Price Deflator per year (whichever is lower), after adjustments for new construction. If the assessed valuation increases by more than one percent due to revaluation, the levy will decrease.
- The City may voluntarily levy taxes below the legal limit.

Property tax is recorded as a receivable and revenue when levied. No allowance is recorded for uncollectible tax because delinquent taxes are considered fully collectible. Prior year tax levies were recorded using the same principal and delinquent taxes are evaluated annually.

The City's regular levy for 2014 was \$3.60 per \$1,000 on an assessed valuation of \$2.76 (billion) for a total regular levy of \$9,925,499.

Special levies approved by the voters are not subject to the limitations described above. In 2014, the City levied an additional \$.43 per \$1,000 to provide emergency medical services for a total additional levy of \$1,187,572. Further, in 2014, the City levied an additional \$.23 for payment of library bonds for a total additional levy of \$626,112.

C. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Substantially all City of Camas full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit retirement plans. The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to: Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380; or it may be downloaded from the DRS website at www.drs.wa.gov.

PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS) PLANS 1, 2 AND 3

Plan Description

The Legislature established PERS in 1947. Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts; employees of legislative committees; employees of district and municipal courts; and employees of local governments. Membership also includes higher education employees not participating in higher education retirement programs. Approximately 49 percent of PERS salaries are accounted for by state employment. PERS retirement benefit provisions are established in Chapters 41.34 and 41.40 RCW and may be amended only by the State Legislature.

PERS is a cost-sharing multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a defined benefit plan with a defined contribution component.

PERS members who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercised an option to transfer their membership to Plan 3. PERS members joining the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees have the irrevocable option of choosing membership in either PERS Plan 2 or Plan 3. The option must be exercised within 90 days of employment. Employees who fail to choose within 90 days default to Plan 3.

PERS is comprised of and reported as three separate plans for accounting purposes: Plan 1, Plan 2/3, and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members, and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered to be a single plan for accounting purposes.

PERS Plan 1 and Plan 2 retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to the PERS Plan 1 and Plan 2 defined benefit plans accrue interest at a rate specified by the Director of DRS. During DRS' Fiscal Year 2013, the rate was five and one-half percent compounded quarterly. Members in PERS Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest thereon, in lieu of any retirement benefit, upon separation from PERS-covered employment.

PERS Plan 1 members are vested after the completion of five years of eligible service.

PERS Plan 1 members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with 25 years of service, or at age 60 with at least 5 years of service. Plan 1 members retiring from inactive status prior to the age of 65 may receive actuarially reduced benefits.

The monthly benefit is 2 percent of the average final compensation (AFC) per year of service, but the benefit may not exceed 60 percent of the AFC. The AFC is the monthly average of the 24 consecutive highest-paid service credit months.

PERS Plan 1 retirement benefits are actuarially reduced to reflect the choice, if made, of a survivor option.

Plan 1 members may elect to receive an optional COLA that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 provides duty and non-duty disability benefits. Duty disability retirement benefits for disablement prior to the age of 60 consist of a temporary life annuity. The benefit amount is \$350 a month, or two-thirds of the monthly AFC, whichever is less. The benefit is reduced by any workers' compensation benefit and is payable as long as the member remains disabled or until the member attains the age of 60, at which time the benefit is converted to the member's service retirement amount.

A member with five years of covered employment is eligible for non-duty disability retirement. Prior to the age of 55, the benefit amount is 2 percent of the AFC for each year of service reduced by 2 percent for each year that the member's age is less than 55. The total benefit is limited to 60 percent of the AFC and is actuarially reduced to reflect the choice of a survivor option. Plan 1 members may elect to receive an optional COLA amount (based on the Consumer Price Index), capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is 2 percent of the AFC per year of service. The AFC is the monthly average of the 60 consecutive highest-paid service months. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

PERS Plan 2 members who have at least 20 years of service credit, and are 55 years of age or older, are eligible for early retirement with a reduced benefit. The benefit is reduced by an early retirement factor (ERF) that varies according to age, for each year before age 65.

PERS Plan 2 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions, if hired prior to May 1, 2013:

With a benefit that is reduced by 3 percent for each year before age 65; or
With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of 5 percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service.

PERS Plan 2 retirement benefits are actuarially reduced to reflect the choice, if made, of a survivor option.

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component and member contributions finance a defined contribution component. As established by Chapter 41.34 RCW, employee contribution rates to the defined contribution component range from 5 percent to 15 percent of salaries, based on member choice. Members who do not choose a contribution rate default to a 5 percent rate. There are currently no requirements for employer contributions to the defined contribution component of PERS Plan 3.

PERS Plan 3 defined contribution retirement benefits are dependent upon the results of investment activities. Members may elect to self-direct the investment of their contributions. Any expenses incurred in conjunction with self-directed investments are paid by members. Absent a member's self-direction, PERS Plan 3 contributions are invested in the Retirement Strategy Fund that assumes the member will retire at age 65.

For DRS' Fiscal Year 2013, PERS Plan 3 employee contributions were \$99.0 million, and plan refunds paid out were \$69.4 million.

The defined benefit portion of PERS Plan 3 provides members a monthly benefit that is 1 percent of the AFC per year of service. The AFC is the monthly average of the 60 consecutive highest-paid service months. There is no cap on years of service credit, and Plan 3 provides the same cost-of-living allowance as Plan 2.

Effective June 7, 2006, PERS Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service, if twelve months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 by June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan.

Vested Plan 3 members are eligible for normal retirement at age 65, or they may retire early with the following conditions and benefits:

- If they have at least ten service credit years and are 55 years old, the benefit is reduced by an ERF that varies with age, for each year before age 65.
- If they have 30 service credit years and are at least 55 years old, and were hired before May 1, 2013, they have the choice of a benefit that is reduced by 3 percent for each year before age 65; or a benefit with a smaller (or no) reduction factor (depending on age) that imposes stricter return-to-work rules.
- If they have 30 service credit years, are at least 55 years old, and were hired after May 1, 2013, they have the option to retire early by accepting a reduction of 5 percent for each year before age 65.

PERS Plan 3 benefits are actuarially reduced to reflect the choice, if made, of a survivor option.

PERS Plan 2 and Plan 3 provide disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 monthly benefit amount is 2 percent of the AFC per year of service. For Plan 3, the monthly benefit amount is 1 percent of the AFC per year of service. These disability benefit amounts are actuarially reduced for each year that the member's age is less than 65, and to reflect the choice of a survivor option. There is no cap on years of service credit, and a cost-of-living allowance is granted (based on the Consumer Price Index) capped at 3 percent annually.

PERS members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors.

A one-time duty-related death benefit is provided to the beneficiary or the estate of a PERS member who dies as a result of injuries sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of the member's covered employment, if found eligible by the Department of Labor and Industries.

From January 1, 2007 through December 31, 2007, judicial members of PERS were given the choice to elect participation in the Judicial Benefit Multiplier (JBM) Program enacted in 2006. Justices and judges in PERS Plan 1 and Plan 2 were able to make an irrevocable election to pay increased contributions that would fund a retirement benefit with a 3.5 percent multiplier. The benefit would be capped at 75 percent of AFC. Judges in PERS Plan 3 could elect a 1.6 percent of pay per year of service benefit, capped at 37.5 percent of AFC.

Newly elected or appointed justices and judges who chose to become PERS members on or after January 1, 2007, or who had not previously opted into PERS membership, were required to participate in the JBM Program.

There are 1,176 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2013 :

Retirees and Beneficiaries Receiving Benefits	85,328
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	31,047
Active Plan Members Vested	150,706
Terminated Plan Members Nonvested	101,191
Total	368,272

Funding Policy

Each biennium, the state Pension Funding Council adopts PERS Plan 1 employer contribution rates, PERS Plan 2 employer and employee contribution rates, and PERS Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent for state agencies and local government unit employees, and at 7.5 percent for state government elected officials. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan and member contributions finance the defined contribution portion. The Plan 3 employee contribution rates range from 5 percent to 15 percent.

As a result of the implementation of the Judicial Benefit Multiplier Program in January 2007, a second tier of employer and employee rates was developed to fund, along with investment earnings, the increased retirement benefits of those justices and judges that participate in the program

The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.40 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2014, are as follows:

Members Not Participating in JBM:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer*	9.21%**	9.21%**	9.21%***
Employee	6.00%****	4.92%****	*****

* The employer rates include the employer administrative expense fee currently set at 0.18%.

** The employer rate for state elected officials is 13.73% for Plan 1 and 9.21% for Plan 2 and Plan 3.

*** Plan 3 defined benefit portion only.

**** The employee rate for state elected officials is 7.50% for Plan 1 and 4.92% for Plan 2.

***** Variable from 5.0% minimum to 15.0% maximum based on rate selected by the PERS 3 member.

Members Participating in JBM:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer-State Agency*	11.71%	11.71%	11.71%**
Employer-Local Gov't Units*	9.21%	9.21%	9.21%**
Employee-State Agency	9.76%	9.80%	7.50%***
Employee-Local Gov't Units	12.26%	12.30%	7.50%***

* The employer rates include the employer administrative expense fee currently set at 0.18%.

** Plan 3 defined benefit portion only.

***Minimum rate.

Both the City of Camas and the employees made the required contributions. The City's required contributions for the years ending December 31 were as follows:

	<u>PERS Plan 1</u>	<u>PERS Plan 2</u>	<u>PERS Plan 3</u>
2014	\$12,116	\$566,038	\$67,932
2013	10,396	455,904	45,392
2012	9,119	401,113	43,285

LAW ENFORCEMENT OFFICERS' AND FIREFIGHTERS' (LEOFF) PLANS 1 AND 2

Plan Description

LEOFF was established in 1970 by the Legislature. Membership includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters and, as of July 24, 2005, emergency medical technicians. LEOFF membership is comprised primarily of non-state employees, with Department of Fish and Wildlife enforcement officers, who were first included effective July 27, 2003, being an exception. LEOFF retirement benefit provisions are established in chapter 41.26 RCW and may be amended only by the State Legislature.

LEOFF is a cost-sharing multiple-employer retirement system comprised of two separate defined benefit plans. LEOFF members who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 are Plan 2 members.

Effective July 1, 2003, the LEOFF Plan 2 Retirement Board was established by Initiative 790 to provide governance of LEOFF Plan 2. The Board's duties include adopting contribution rates and recommending policy changes to the Legislature.

LEOFF retirement benefits are financed from a combination of investment earnings, employer and employee contributions, and a special funding situation in which the state pays through legislative appropriations. Employee contributions to the LEOFF Plan 1 and Plan 2 defined benefit plans accrue interest at a rate specified by the Director of DRS. During DRS' Fiscal Year 2013, the rate was five and one-half percent compounded quarterly. Members in LEOFF Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest earnings, in lieu of any retirement benefit, upon separation from LEOFF-covered employment.

LEOFF Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement with five years of service at the age of 50.

The benefit per year of service calculated as a percent of final average salary (FAS) is as follows:

Term of Service	Percent of Final Average Salary
20 or more years	2.0%
10 but less than 20 years	1.5%
5 but less than 10 years	1.0%

The FAS is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months' salary within the last 10 years of service. A cost-of-living allowance is granted (based on the Consumer Price Index).

LEOFF Plan 1 provides death and disability benefits. Death benefits for survivors of Plan 1 members on active duty consist of the following: (1) If there is an eligible spouse, 50 percent of the FAS, plus 5 percent of the FAS for each eligible surviving child, with a limitation on the combined benefit of 60 percent of the FAS; or (2) If there is no eligible spouse, eligible children receive 30 percent of the FAS for the first child plus 10 percent for each additional child, subject to a 60 percent limitation of the FAS, divided equally.

A one-time duty-related death benefit is provided to the beneficiary or the estate of a LEOFF Plan 1 member who dies as a result of injuries or illness sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of the member's covered employment, if found eligible by the Department of Labor and Industries.

The LEOFF Plan 1 disability benefit is 50 percent of the FAS plus 5 percent for each child up to a maximum of 60 percent. Upon recovery from disability before the age of 50, a member is restored to service with full credit for service while disabled. Upon recovery after the age of 50, the benefit continues as the greater of the member's disability benefit or service retirement benefit.

LEOFF Plan 2 members are vested after the completion of five years of eligible service.

Plan 2 members are eligible for retirement at the age of 53 with five years of service, or at age 50 with 20 years of service. Plan 2 members receive a benefit of 2 percent of the FAS per year of service (the FAS is based on the highest consecutive 60 months), actuarially reduced to reflect the choice of a survivor option. Members who retire prior to the age of 53 receive reduced benefits. If the member has at least 20 years of service and is age 50, the reduction is 3 percent for each year prior to age 53. Otherwise, the benefits are actuarially reduced for each year prior to age 53. A cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

LEOFF Plan 2 provides disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 benefit amount is 2 percent of the FAS for each year of service. Benefits are reduced to reflect the choice of survivor option and for each year that the member's age is less than 53, unless the disability is duty-related. If the member has at least 20 years of service and is age 50, the reduction is 3 percent for each year prior to age 53.

A disability benefit equal to 70 percent of their FAS, subject to offsets for workers' compensation and Social Security disability benefits received, is also available to those LEOFF Plan 2 members who are catastrophically disabled in the line of duty and incapable of future substantial gainful employment in any capacity. Effective June 2010, benefits to LEOFF Plan 2 members who are catastrophically disabled include payment of eligible health care insurance premiums.

Members of LEOFF Plan 2 who leave service because of a line of duty disability are allowed to withdraw 150 percent of accumulated member contributions. This withdrawal benefit is not subject to federal income tax. Alternatively, members of LEOFF Plan 2 who leave service because of a line of duty disability may be eligible to receive a retirement benefit of at least 10 percent of FAS and 2 percent per year of service beyond five years. The first 10 percent of the FAS is not subject to federal income tax.

LEOFF Plan 2 retirees may return to work in an eligible position covered by another retirement system, choose membership in that system and suspend their pension benefits, or not choose membership and continue receiving pension benefits without interruption.

A one-time duty-related death benefit is provided to the beneficiary or the estate of a LEOFF Plan 2 member who dies as a result of injuries or illness sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of the member's covered employment, if found eligible by the Department of Labor and Industries.

Benefits to eligible surviving spouses and dependent children of LEOFF Plan 2 members killed in the course of employment include the payment of eligible health care insurance premiums.

Legislation passed in 2009 provides to the Washington state registered domestic partners of LEOFF Plan 2 members the same treatment as married spouses, to the extent that the treatment is not in conflict with federal laws.

LEOFF members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors.

There are 374 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2013 :

Retirees and Beneficiaries Receiving Benefits	10,511
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	699
Active Plan Members Vested	16,830
Active Plan Members Nonvested	1,600
Total	29,640

Funding Policy

Employer and employee contribution rates are developed by the Office of the State Actuary to fully fund the plans. Starting on July 1, 2000, Plan 1 employers and employees contribute zero percent, as long as the plan remains fully funded. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute. For DRS' Fiscal Year 2014, the state contributed \$55.6 million to LEOFF Plan 2.

The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.26 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2014, are as follows:

	LEOFF Plan 1	LEOFF Plan 2
Employer*	0.18%	5.23%**
Employee	0.00%	8.41%
State	N/A	3.36%

*The employer rates include the employer administrative expense fee currently set at 0.18%.

** The employer rate for ports and universities is 8.59%.

Both the City of Camas and the employees made the required contributions. The City's required contributions for the years ended December 31 were as follows:

	LEOFF Plan 1	LEOFF Plan 2
2014	\$0	\$350,704
2013	\$0	\$303,587
2012	\$0	\$302,222

CITY OF CAMAS FIREMAN'S PENSION FUND

The City is the administrator of a single employer defined benefit pension plan, the Firemen's Pension Fund. The plan is limited to firefighters and beneficiaries employed before March 1, 1970, and as of March 1, 1970, the plan was closed to new entrants. Firefighters hired before March 1, 1970 at retirement receive the greater of the pension benefit provided under this plan or under the LEOFF plan. Any excess benefit over the LEOFF benefit is provided by the city plan. The plan presently has three individuals retired under the LEOFF plan, but drawing excess benefits from this plan. There are no current retirees for this plan. All future obligations of the Firemen's Pension Fund were assumed by the state pension system, LEOFF.

The Fireman's Pension Fund investment balance consists of \$2,533,361 in pooled investments as of December 31, 2014.

A recent actuarial survey has not been done because annual benefits are approximately \$15,000 and the net position held in trust for pension benefits are over \$2,500,000. However, the last actuarial survey indicated that there was no accrued liability in the system and is considered over funded. Furthermore, there was no preparation of the schedules of funding progress and employer contributions because future funding and contributions by the City is not necessary.

D. POST RETIREMENT HEALTH CARE PROGRAM (OPEB)

Plan Description:

In addition to the pension benefits described, the City administers a Post-Retirement Health Care Program under a single-employer defined benefit Other Post Employment Benefit (OPEB) plan. This plan provides two basic benefits:

Pre-65 Medical Coverage: The City provides post-retirement health premium benefits continue from retirement until Medicare eligibility for employees retiring with at least 10 years of service,

under the provision of the applicable PERS or LEOFF II retirement plan. Eligibility for these benefits is determined by the particular bargaining agreements. These benefits are provided as per requirements of a local ordinance. The City's regular health care benefit providers underwrite the retiree's policies. Retirees may not convert the benefit into an in-lieu payment to secure coverage under independent plans.

As of year-end, there were fifteen employees who had retired and were receiving these benefits.

LEOFF I Healthcare Reimbursements: The City provides health insurance benefits for retired public safety employees. Substantially all city LEOFF I employees may become eligible for these benefits if they reach normal retirement age while working for the City. These benefits are provided by the city in order to meet state statutory requirements under the LEOFF I system whereby the City will pay for their medical premiums for life.

At December 31, 2014, there are twelve participants who have retired and receive these benefits.

This OPEB plan does not issue a stand-alone financial report nor is it included in the report of another entity.

Funding Policy:

This plan is not currently funded. It is financed on a pay-as-you-go basis.

The City pays the medical insurance premiums on plan members of the pre-65 medical coverage. Qualified spouses and children may qualify for coverage; however, the plan member must pay the entire dependent premium in return for this coverage. Obligations of the employees and City may be amended through the related employee bargaining agreements.

Under the LEOFF I Healthcare Reimbursements, the plan member has no required contributions. Amendments to the plan may be made through State statute.

The City was required to contribute \$597,469, but only contributed \$441,037 at December 31, 2014. This \$441,037 contributed differs from the Annual Required Contribution (ARC) because the plan is financed on a pay-as-you-go-basis. The difference between the OPEB costs and the required contribution is called the Net OPEB Obligation (NOO). The amount of \$2,450,106 is the actuarial accrued liability recognized on the government wide statement of net position. \$2,329,299 and \$120,807 is recognized as a liability on the governmental activities and a business type statement of net position, respectively.

As of the most recent actuarial valuation date, January 1, 2013, the total unfunded actuarial liability (UAAL) is \$7,459,061. The covered payroll (annual payroll of active employees covered by the plan) was \$6,241,891 and the ratio of the UAAL to the covered payroll was 120 percent.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation is as follows:

Fiscal Year Ended	Annual OPEB Costs	Percentage of Annual OPEB Costs Contributed	Net OPEB Obligation
2014	\$ 597,469	74%	\$ 2,450,106
2013	605,600	60%	2,293,674
2012	616,800	38%	2,049,251

Annual OPEB Cost and Net OPEB Obligation:

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determine 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 liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation.

Actuarial Required Contribution (ARC 12/31/13)	\$ 633,184
Interest on Net OPEB Obligation (NOO)	91,747
Adjustment to NOO	(127,462)
Annual OPEB Cost	597,469
Employer Contributions	441,037
Increase (Decrease) in NOO	156,432
Net OPEB Obligation - Beginning of Year	2,293,674
Net OPEB Obligation - Ending of Year	\$ 2,450,106

Actuarial Methods and Assumptions:

The actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about retirement ages, mortality and the healthcare cost trend. The actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress, presented as required supplementary information immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Additionally, calculations are based on the types of benefits provided under the terms of the plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective.

The specific actuarial methods and significant assumptions used to determine the ARC for the current year are as follows:

	Pre-65 Medical	LEOFF I
Valuation Date	1/1/2013	1/1/2013
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit
Method used to determine the actuarial value of assets	N/A	N/A
Interest Rate for Discounting Future Liabilities	4.00%	4.00%
Projected Payroll Growth	3.75%	3.75%
Inflation Rate	3.00%	3.00%
Investment Return	N/A	N/A
Healthcare Cost Trend Rate – Initial	8%	8%
Healthcare Cost Trend Rate – Ultimate	5%	5%
Amortization Method	Level Dollar	Level Dollar
Amortization Period - Closed	24	13

E. HEALTH & WELFARE

The City is a member of the Association of Washington Cities Employee Benefit Trust Health Care Program (AWC Trust HCP). Chapter 48.62 RCW provides that two or more local government entities may, by Interlocal agreement under Chapter 39.34 RCW, form together or join a pool or organization for the joint purchasing of insurance, and/or joint self-insurance, to the same extent that they may individually purchase insurance, or self-insure.

An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC Trust HCP was formed on January 1, 2014 when participating cities, towns, and non-city entities of the AWC Employee Benefit Trust in the State of Washington joined together by signing an Interlocal Governmental Agreement to jointly self-insure certain health benefit plans and programs for participating employees, their covered dependents and other beneficiaries through a designated account within the Trust.

As of December 31, 2014, 263 cities/towns/non-city entities participate in the AWC Trust HCP.

The AWC Trust HCP allows members to establish a program of joint insurance and provides health and welfare services to all participating members. The AWC Trust HCP pools claims without regard to individual member experience. The pool is actuarially rated each year with the assumption of projected claims run-out for all current members. The AWC Trust HCP includes medical insurance through Regence BlueShield and Asuris Northwest Health, dental insurance through Delta Dental of Washington, and vision insurance through Vision Service Plan. Eligible members are cities and towns within the state of Washington. Non-City Entities (public agency, public corporation, intergovernmental agency, or political subdivision within the state of Washington) are eligible to apply for coverage into the AWC Trust HCP, submitting application to the Board of Trustees for review as required in the Trust Agreement.

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. The AWC Trust HCP purchases stop loss insurance for Regence/Asuris plans at an Individual Stop Loss (ISL) of \$1.5 million through Life Map, and Group Health ISL at \$750,000 through Sun Life. The aggregate policy is for 200% of expected medical claims.

Participating employers contract to remain in the AWC HCP for a minimum of three years. Participating employers with over 250 employees must provide written notice of termination of all coverage a minimum of 12 months in advance of the termination date, and participating employers with under 250 employees must provide written notice of termination of all coverage a minimum of 6 months in advance of termination date. When all coverage is being terminated, termination will only occur on December 31. Participating employers terminating a group or line of coverage must notify the HCP a minimum of 60 days prior to termination. A participating employer's termination will not obligate that member to past debts, or

further contributions to the HCP. Similarly, the terminating member forfeits all rights and interest to the HCP Account.

The operations of the Health Care Program are managed by the Board of Trustees or its delegates. The Board of Trustees is comprised of four regionally elected officials from Trust member cities or towns, the Employee Benefit Advisory Committee Chair and Vice Chair, and the AWC Board of Directors President and Vice President. The Trustees or its appointed delegates review and analyze Health Care Program related matters and make operational decisions regarding premium contributions, reserves, plan options and benefits in compliance with Chapter 48.62 RCW. The Board of Trustees has decision authority consistent with the Trust Agreement, Health Care Program policies, Chapter 48.62 RCW and Chapter 200-110-WAC.

The accounting records of the Trust HCP are maintained in accordance with methods prescribed by the State Auditor's office under the authority of Chapter 43.09 RCW. The Trust HCP also follows applicable accounting standards established by the Governmental Accounting Standards Board ("GASB"). Year-end financial reporting is done on an accrual basis and submitted to the Office of the State Auditor as required by Chapter 200-110 WAC. The audit report for the AWC Trust HCP is available from the Washington State Auditor's Office.

F. FEDERAL FINANCIAL ASSISTANCE

The City recorded the following federal grant revenues for 2014.

Federal Catalog No.	Government	Program	Amount
20.205	Dept. of Transportation	Highway Planning and Construction	\$2,416,000
20.600	Dept. of Transportation	State and Community Highway Safety	2,299
97.083	Homeland Security	Staffing for Adequate Fire and Emergency Response	<u>198,900</u>
Total Federal Financial Assistance			<u>\$2,617,199</u>

G. CONTINGENT LIABILITIES

The City participates in a number of federal and state-assisted programs. These grants are subject to audit by the grantors or their representatives. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. City management believes that such disallowances, if any, will be immaterial.

H. SUBSEQUENT EVENTS

On August 9, 2013, the City received a twenty year loan for \$3,740,000 at .50% interest from the Washington State Department of Commerce to assist with partial financing for the construction of a sanitary sewer transmission main with anticipated construction costs of \$4,400,000. As of December 31, 2014 draws of \$159,733 had been made on this loan. Annual debt service payments began in 2014, but the remaining \$3,137,810 will be received during 2015 as the project continues.

On August 9, 2013, the city received a twenty year loan for \$2,040,000 at .50% interest from the Washington State Department of Commerce to assist with partial financing for the construction of a 2 million gallon water reservoir with anticipated construction costs of \$2,400,000. As of December 31, 2014 no draw downs had been made on this loan by the city, therefore this debt is not shown on the financial

statements. Annual debt service payments will commence in 2015, principal payments are deferred until 2017.

On August 27, 2013, the city received a twenty-four year loan of \$7,920,792 at 1% interest from the Drinking Water State Revolving Fund to finance the construction of a pressure zone surface water supply project with anticipated total construction costs of \$8,000,000. At construction completion, \$819,190 of this loan will be forgivable and will reduce the amount of the loan outstanding by this amount. As of December 31, 2014 \$3,580,699 in draw downs had been made on this loan by the city. Annual debt service payments are anticipated to commence October 1, 2015.

On February 19, 2013, the city received a 20 year loan for \$1,500,000 from the Washington State Department of Commerce to assist with partial financing of the construction costs of reconstruction and improvements of 4500 linear feet of NW Friberg Street and NW Goodwin Road including installation of a new traffic signal. The anticipated construction cost is \$4,950,000. As of December 31, 2014 \$0 in draw downs had been made on this loan by the city. Annual debt service payments are anticipated to commence June 1, 2015.

In March 2015, the City issued \$7,325,000 of 2015 Limited Tax General Obligation bonds to finance road and transportation projects and other capital improvements to City facilities. The bonds are expected to be payable thru 2025. Interest on the bonds ranges from 2% to 5%. Principal and interest will be payable in semi-annual payments beginning June 1, 2016.

I. IMPACT FEE/DEVELOPMENT CHARGE CREDITS

The City, in order to ensure that adequate facilities are available to serve new growth, levies impact fees on developers as a condition of issuance of a building permit or development approval. The developer may be entitled to a "credit" against the applicable impact fee component for the proportional fair market value of appropriate dedications of land, improvement or new construction of system improvements provided by the developer. In the event that the amount of the "credit" is calculated to be greater than the amount of the impact fee due, the developer may apply the excess "credit" toward impact fees assessed on other developments within the same service area.

2014 Impact fee credits and system development charge credit activity is as follows:

Impact Fee/Development Charge Credits	Beginning Balance	Additions	Applied	Ending Balance
Traffic Impact Fees	\$ 453,560	\$	\$ 120,478	\$ 333,082
Park Impact Fees	35,278	30,094	30,094	35,278
	<u>488,838</u>	<u>30,094</u>	<u>150,572</u>	<u>368,360</u>
Water System Development Charges	827,636	-	143,325	684,311
Sewer System Development Charges	846,820	-	112,185	734,635
	<u>1,674,456</u>	<u>-</u>	<u>255,510</u>	<u>1,418,946</u>
Total Impact Fee Credits	\$ <u>2,163,294</u>	\$ <u>30,094</u>	\$ <u>406,082</u>	\$ <u>1,787,306</u>

J. SPECIAL ITEM - TRANSFER OF OPERATIONS

Under an interlocal agreement between the City of Washougal (Washougal) and the City of Camas (the City), Washougal agreed to consolidate its fire services with the City for the purpose of making the

provision of those services to the cities' citizens more efficient. On May 2, 2014, Washougal transferred the assets and liabilities comprising its fire service operations to the City. The liabilities consist of compensated absence balances of Washougal fire service employees transferring to employment under the City. As a result of the transfer, the City recognized the following assets, liabilities, and net position:

	Carrying Values
Transferred assets (net)	
Vehicles	713,734
Equipment	<u>15,371</u>
Total capital assets	729,105
Transferred liabilities	
Compensated absences	<u>173,714</u>
Total liabilities	173,714
Net position of Transferred Fire Protection Operation	
Net investment in capital assets	729,105
Unrestricted net position	<u>(173,714)</u>
Total Net position	555,391

Washougal shall pay the City a percentage of the value of a former employee's leave if that person terminates employment within three years of his or her transfer to the City. Washougal contributed \$22,602 in fiscal year 2014 for its former employees who transferred to Camas, but terminated prior to three years at the City.

As Washougal is on the cash basis of accounting, the City obtained the historical purchase price and calculated depreciation expense using the City's straight line depreciation method to arrive at the carrying value of the transferred assets. The compensated absences liability assumed by the City is the accrued vacation, holiday and 25% of sick hours times the pay rate for transferring employees at the date of the transfer, including LEOFF contributions and employer tax. Sick leave is paid up to 25% of the total accrued balance at termination for both Washougal and the City.

As a result of these transactions, the City recognized a special item in the governmental statement of activities in the amount of \$555,391. As a condition of the consolidation, the City is contributing \$226,010 annually for five years, for a total of \$1,130,050. The amount remaining to be paid at December 31, 2014 is \$933,626.

Washougal will pay \$677,265 over five years to the City as a condition of the consolidation. During 2014, \$57,287 was paid to the City; the remaining payable is \$593,887 at December 31, 2014.

K. ACCOUNTING AND REPORTING CHANGES

The City implemented GASB 69, Government Combinations and Disposal of Government Operations on January 1, 2014. This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The Statement defines the types of transactions referred to as mergers, acquisitions and transfers of operations and provides accounting and reporting guidance on these transactions.

L. RELATED PARTY TRANSACTIONS/JOINT VENTURE

Emergency Services

The City has entered into an interloocal agreement with Clark County, the City of Vancouver and other local governments in the establishment and operation of the Clark Regional Services Agency (CRESA). CRESA was created by agreement under the Inter-Local Cooperation Act (RCW 39.34). The purpose of CRESA is to equip and operate a consolidated public safety communications service. CRESA is a separate reporting entity and each participant's share of authority is defined by the terms of the enabling charter of the CRESA. Control of this joint venture is shared equitably by the controlling organizations. The City has a 4.4% interest in equity and operations of CRESA, thus CRESA is not dependent on the rates paid by the City, no ongoing financial responsibility exists.

The City paid \$37,662 in fees to CRESA during 2014 for Emergency Management purposes.

M. PRIOR PERIOD ADJUSTMENTS

The business activities column of the Statement of Activities, presents a prior period adjustment in the amount of \$21,700. Additionally, this same prior period adjustment is recognized in the proprietary fund Statement of Net Position. In part, this represents an error in the water sewer fund addition for CIP in the amount of \$5,100. Additionally, \$16,600 is presented in the Storm Water Drainage fund, which represents a state receivable that was not recognized in 2013.

CITY OF CAMAS, WASHINGTON
Required Supplementary Information
Other Postemployment Benefits Plan
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liabilities (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b- a)/c)
1/1/2007	\$ -	\$ 5,966,966	\$ 5,966,966	0.00%	\$ 7,078,470	84.30%
1/1/2009	-	7,181,555	7,181,555	0.00%	7,482,708	95.98%
1/1/2011	-	8,027,014	8,027,014	0.00%	7,161,601	112.08%
1/1/2013	-	7,459,061	7,459,061	0.00%	6,241,891	119.50%

CITY OF CAMAS
 Schedule of Expenditures of Federal Awards
 for the year ending December 31, 2014

Federal Agency Name/Pass Through Agency Name	2 Federal Program Name	3 Federal CFDA Number	4 Other I.D. Number	5 Expenditures			6 Foot- note Ref.
				From Pass- Through Awards	From Direct Awards	Total	
Department of Homeland Security	Staffing for Adequate Fire And Emergency Response (SAFER)	97.083	2011-FH-000439		198,900	198,900	1.2
Department of Transportation-Federal Highway Administration/Pass-through WA State Department of Transportation	Highway Planning and Construction	20.205	TAP-7034(002)/ LA 8362	216,000		216,000	1.2
Department of Transportation-Federal Highway Administration/Pass-through WA State Department of Transportation	Highway Planning and Construction	20.205	STPUL-7031(003)/ LA-8373	2,200,000		2,200,000	1.2
Department of Transportation/Pass- Through WA Traffic Safety Commission	State and Community Highway Safety	20.600	N/A	2,299		2,299	1.2
Total Federal Awards Expended				\$ 2,418,299	\$ 198,900	\$ 2,617,199	

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**Notes to the Schedule of Expenditures of Federal Awards
(and State/Local Financial Awards)**

Note 1 - Basis of Accounting

The Schedule of Financial Assistance is prepared on the same basis as the city's financial statements. The city uses the modified accrual basis of accounting for the governmental fund types and agency funds. Full accrual basis of accounting is used for the proprietary funds and pension trust fund.

Note 2 - Program Costs

The amounts shown as current year expenditures represent only the federal or state grant portion of the program costs. Entire program costs, including the city's portion, may be more than shown.

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

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We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

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