

# **CITY OF LA GRANDE, OREGON**

## **ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2017**



The City of La Grande  
Finance Department  
Kimberly Hulse  
Finance Officer



**CITY OF LA GRANDE, OREGON  
ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2017**

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# INTRODUCTORY SECTION

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# CITY OF LA GRANDE

## OFFICIALS OF THE CITY

JUNE 30, 2017

### ELECTED OFFICIALS OF THE CITY

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Steve Clements	Mayor	December 31, 2018
Gary Lillard	Mayor Pro Tem	December 31, 2018
Corrine Dutto	Council Member	December 31, 2020
Nicole Howard	Council Member	December 31, 2020
Mary Ann Miesner	Council Member	December 31, 2020
Troy Pointer	Council Member	December 31, 2018
Justin Rock	Council Member	December 31, 2018

### CITY STAFF

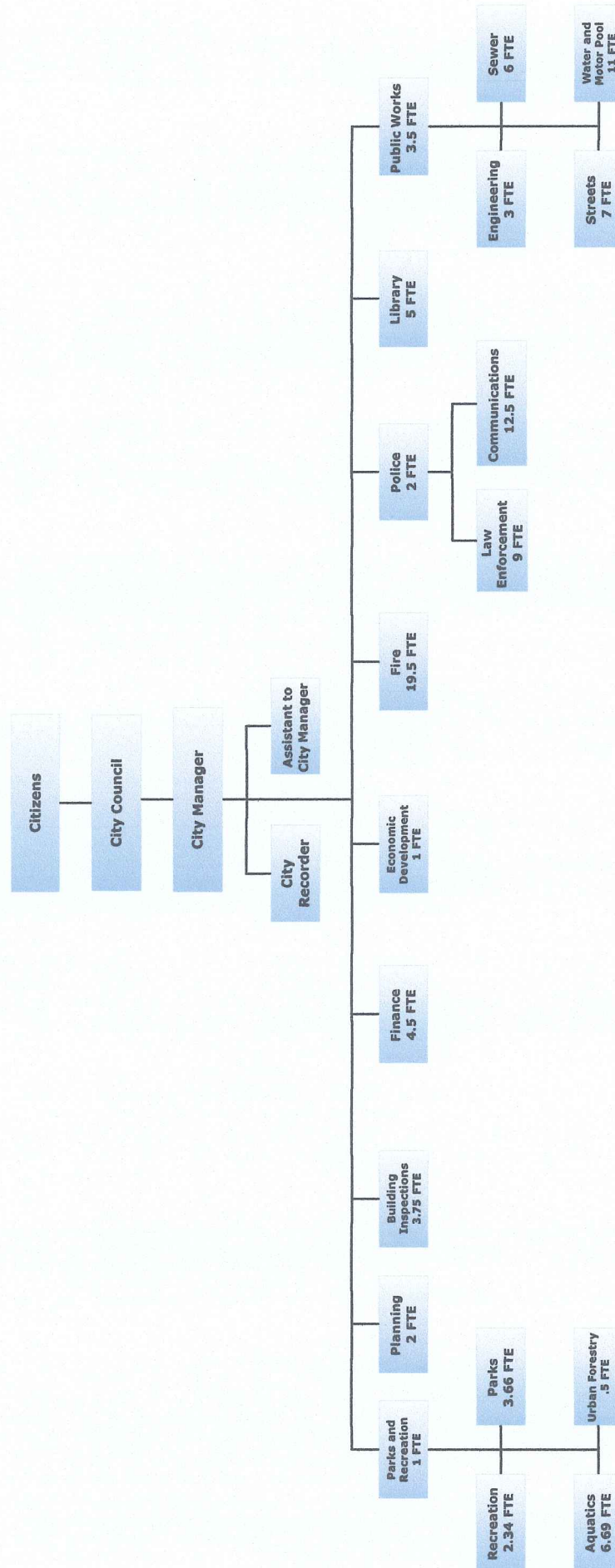
<u>Name</u>	<u>Position</u>
Robert Strobe .....	City Manager
Kimberly Hulse .....	Finance Director
Brian Harvey .....	Police Chief
Stu Spence .....	Parks Director
Norm Paullus .....	Public Works Director
Bruce Weimer .....	Fire Chief
Teresa Washburn .....	Library Director

### CITY ADDRESS

CITY OF LA GRANDE  
1000 Adams Avenue  
P.O. Box 670  
La Grande, Oregon 97850

[www.cityoflagrande.org](http://www.cityoflagrande.org)

CITY OF LA GRANDE  
Organization Chart  
January, 2017



## FINANCIAL SECTION

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Pendleton, OR 97801  
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Toll Free: 1-800-332-6862  
Fax: (541) 276-9040  
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## **INDEPENDENT AUDITOR'S REPORT**

To the Honorable Mayor and  
Members of the City Council  
City of La Grande, Oregon

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 La Grande, Oregon, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of La Grande, Oregon, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons for the General Fund and Urban Renewal General Fund 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, disclosures for the City's street system based on a condition index under the modified approach for infrastructure, schedules of the City's Proportional Share of the Net Pension Liability (Asset) and the City's Contributions to the Oregon Public Employees Retirement System, and Notes to Required Supplementary Information, as listed in the table of contents to 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.

### ***Other Information***

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

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

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

## **Report on Other Legal and Regulatory Requirements**

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 28, 2017, on our consideration of the City of La Grande's internal control over financial reporting and on tests of its compliance with the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-000 to 162-10-320. 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.

*Dickey and Tremper, LLP*  
**Dickey and Tremper, LLP**  
**Certified Public Accountants**

December 28, 2017

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**CITY OF LA GRANDE, OREGON**  
**Management's Discussion and Analysis**  
**June 30, 2017**

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The management of the City of La Grande, Oregon presents this narrative overview and analysis to facilitate both a short- and long-term analysis of the financial activities of the City for the fiscal year ended June 30, 2017. This Management's Discussion and Analysis (MD&A) is based on currently known facts, decisions, and conditions that existed as of the date of the independent auditor's report. Please read it in conjunction with the City's financial statements which follow this section.

### **Financial Highlights**

- The City's total assets on June 30, 2017 are \$100,868,308, which is a \$3,328,637 increase from last year's total assets of \$97,539,671.
- The City's total liabilities increased \$2,981,717 from \$11,591,506 to \$14,573,223, as of June 30, 2017. A large majority of the increase is due to the PERS net pension liability increase.
- The City's net position increased by \$2,568,868, from \$85,984,907 to \$88,553,775 which is an increase of 3%. Many assets and liabilities are reflected in this number. A \$1.9 million dollar grant from the State of Oregon was the major factor in this increase.
- On June 30, 2017, the City's governmental funds reported combined ending fund balances of \$8,139,856, which is a decrease of \$2,080,953 in comparison to the prior year ending fund balance of \$10,220,809. This represents a 20% decrease in ending fund balances. Activities within the Capital Equipment and Improvement fund included a realignment (transfer out) of funds to water and sewer reserves.
- The unrestricted fund balance (not reserved for future debt obligations) of the business-type activities (water, sewer, storm utility and building inspections) decreased 7.5% from \$6,949,318 to \$6,428,611. Total net position of business-type activities including invested in capital assets, net of related debt increased by 7.5%.

### **Overview of the Financial Statements**

The following discussion and analysis are intended to serve as an introduction to the City's basic financial statements and other required supplementary information. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements.

#### **1. Government-Wide Financial Statements**

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances in a manner similar to private-sector business.

The *Statement of Net Position* presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between these reported as "net position". The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The statement of net position focuses on resources available for future operations. In simple terms, this statement presents a snapshot view of the assets the City owns, the liabilities it owes and the net difference. The focus of the statement of net position (the "unrestricted net position") is designed to be similar to a bottom line or "net worth" for the City and its governmental and business-type activities.

The *Statement of Activities* presents information about how the City's net position changed during the most recent fiscal year. Changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. Examples would include showing water and sewer charges as revenue when billed to the customer and the cost of vacation earned but not used by our employees.



**CITY OF LA GRANDE, OREGON**  
**Management's Discussion and Analysis**  
**June 30, 2017**

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**Overview of the Financial Statements – (continued)**

This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues. The statement of activities is focused on both the gross and net cost of various activities, which are provided by the government's property tax and other revenues.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a large portion of their cost through user fees and charges.

The governmental activities of the City include General Fund, Capital Equipment & Improvement, General Building/Equipment Reserve, Grants & Donations, Street Maintenance, Street & Road, 9-1-1 Emergency and Urban Renewal Funds. The Urban Renewal Fund is legally separate from the City, but for which the City is financially accountable. The business-type activities of the City include Water, Sewer, Sewer Construction, Sewer Debt, Building Inspection and Storm Utility Funds.

**2. 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. Funds allow the City to track sources of funding and spending for specific programs and to demonstrate compliance with various regulatory requirements. The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole.

The City has two kinds of funds:

**Governmental funds** - Most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the spendable resources available at the end of the fiscal year. Consequently, the governmental funds statements provide a detailed short-term, view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

**Proprietary funds** – The City maintains two different types of proprietary funds: Enterprise funds and internal service funds. Enterprise funds are used to report the functions presented as business-type activities in the government-wide financial statements. The City's enterprise funds are the water, sewer, storm utilities, building inspection, sewer construction and sewer debt funds. Internal service funds allocate costs integrally among the City's various functions. Internal service funds include the Motor Pool fund, which accounts for fleet activities, and the Public Works Service fund, which accounts for all Labor related activities for Public Works personnel. Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both short- and long- term financial information. Internal service funds are used to report activities that provide supplies and services for the City's other programs and activities.

**3. Notes to the Basic Financial Statements**

The notes provide additional information that is essential for a full understanding of the data provided. They are an integral part of the financial statements and should be read in conjunction with them.

**CITY OF LA GRANDE, OREGON**  
**Management's Discussion and Analysis**  
**June 30, 2017**

**The City as a Whole**

The City's combined net position increased by \$2,568,868, from \$85,984,907 to \$88,553,775. Net position represents cash and cash equivalents, accounts receivable, supplies inventories, capital assets (less accumulated depreciation), less all short and long-term liabilities. The City's cash and cash equivalents increased \$1,870,582 to \$19,191,345 from last year's amount of \$17,320,763. The net position of business-type activities increased \$4,037,183 while the Governmental activities net position decreased \$1,468,315, due in large part to a change in reporting of PERS (deferred outflow of resources) which applies to future periods. Capital assets represents utility and street systems, buildings and equipment valued over \$5,000 and having a useful life of more than one year. Net capital assets represent the cost of the asset less depreciation.

Condensed Financial Information - Following is condensed financial information derived from the City's government wide financial statement.

**NET POSITION**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	6/30/2016	6/30/2017	6/30/2016	6/30/2017	6/30/2016	6/30/2017
Current Assets	\$ 13,110,761	\$ 11,222,484	\$ 8,282,705	\$ 12,305,021	\$ 21,393,466	\$ 23,527,505
Capital Assets, net	\$ 57,021,201	\$ 58,338,073	\$ 19,125,004	\$ 19,002,730	\$ 76,146,205	\$ 77,340,803
<b>Total Assets</b>	<b>\$ 70,131,962</b>	<b>\$ 69,560,557</b>	<b>\$ 27,407,709</b>	<b>\$ 31,307,751</b>	<b>\$ 97,539,671</b>	<b>\$ 100,868,308</b>
<b>Deferred Outflows of Resources</b>	<b>\$ 440,217</b>	<b>\$ 2,318,550</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,318,550</b>
Long-Term Debt	\$ 7,453,816	\$ 10,248,359	\$ 2,844,022	\$ 2,637,856	\$ 10,297,838	\$ 12,886,215
Other Liabilities	\$ 1,142,300	\$ 1,466,615	\$ 151,368	\$ 220,393	\$ 1,293,668	\$ 1,687,008
<b>Total Liabilities</b>	<b>\$ 8,596,116</b>	<b>\$ 11,714,974</b>	<b>\$ 2,995,390</b>	<b>\$ 2,858,249</b>	<b>\$ 11,591,506</b>	<b>\$ 14,573,223</b>
<b>Deferred Inflows of Resources</b>	<b>\$ 403,475</b>	<b>\$ 59,860</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 403,475</b>	<b>\$ 59,860</b>
<b>Net Position:</b>						
Net investment in capital assets	\$ 53,645,143	\$ 55,133,990	\$ 17,103,185	\$ 17,260,450	\$ 70,748,328	\$ 72,394,440
Restricted	\$ 3,179,449	\$ 2,780,963	\$ 359,816	\$ 4,760,441	\$ 3,539,265	\$ 7,541,404
Unrestricted	\$ 4,747,996	\$ 2,189,320	\$ 6,949,318	\$ 6,428,611	\$ 11,697,314	\$ 8,617,931
	<b>\$ 61,572,588</b>	<b>\$ 60,104,273</b>	<b>\$ 24,412,319</b>	<b>\$ 28,449,502</b>	<b>\$ 85,984,907</b>	<b>\$ 88,553,775</b>

**CITY OF LA GRANDE, OREGON**  
**Management's Discussion and Analysis**  
**June 30, 2017**

**CHANGES IN NET POSITION**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>6/30/2016</b>	<b>6/30/2017</b>	<b>6/30/2016</b>	<b>6/30/2017</b>	<b>6/30/2016</b>	<b>6/30/2017</b>
<b>REVENUES</b>						
Program revenues						
Charges for services	\$ 1,919,427	\$ 2,172,200	\$ 6,953,111	\$ 7,087,463	\$ 8,872,538	\$ 9,259,663
Operating grants	1,329,654	1,279,155	-	-	1,329,654	1,279,155
Capital grants	399,703	2,048,601	-	73,228	399,703	2,121,829
General revenues	-	-	-	-	-	-
Property taxes	5,522,774	5,040,006	-	-	5,522,774	5,040,006
Franchise Taxes	1,131,800	1,178,595	-	-	1,131,800	1,178,595
Other Taxes	831,496	850,102	-	-	831,496	850,102
Other Income	1,033	339	-	-	1,033	339
Interest Income	64,893	104,844	46,442	104,559	111,335	209,403
<b>Total Revenues</b>	<b>11,200,780</b>	<b>12,673,842</b>	<b>6,999,553</b>	<b>7,265,250</b>	<b>18,200,333</b>	<b>19,939,092</b>
<b>Expenses</b>						
General government	792,046	836,936	-	-	792,046	836,936
Police department	4,451,253	3,691,917	-	-	4,451,253	3,691,917
Fire Department	2,734,497	2,571,743	-	-	2,734,497	2,571,743
Community development	942,694	1,049,599	-	-	942,694	1,049,599
Public services	2,110,261	2,244,298	-	-	2,110,261	2,244,298
Highways and streets	1,723,031	1,260,395	-	-	1,723,031	1,260,395
Interest on long-term debt	118,350	114,888	-	-	118,350	114,888
Water	-	-	2,237,232	2,208,155	2,237,232	2,208,155
Sewer	-	-	2,431,480	2,512,778	2,431,480	2,512,778
Storm utility	-	-	156,296	336,545	156,296	336,545
Building inspection	-	-	506,985	536,350	506,985	536,350
<b>Total Expenses</b>	<b>12,872,132</b>	<b>11,769,776</b>	<b>5,331,993</b>	<b>5,593,828</b>	<b>18,204,125</b>	<b>17,363,604</b>
Excess (deficiency) before special items and transfers	(1,671,352)	904,066	1,667,560	1,671,422	(3,792)	2,575,488
<b>Special Items:</b>						
Transfers of capital assets	-	-	-	-	-	-
Donated property revenue	-	-	-	-	-	-
Loss on disposal of assets	(30,536)	(6,620)	-	-	(30,536)	(6,620)
Operating Transfers	(329,998)	(2,365,761)	329,998	2,365,761	-	-
<b>Increase (decrease) in net position</b>	<b>\$ (2,031,886)</b>	<b>\$ (1,468,315)</b>	<b>\$ 1,997,558</b>	<b>\$ 4,037,183</b>	<b>\$ (34,328)</b>	<b>\$ 2,568,868</b>

## **Governmental Activities**

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$8,139,856 a decrease of \$2,080,953 in comparison with the prior years ending fund balance of \$10,220,809.

The City maintains nine governmental funds and each fund has a unique purpose. Four funds (General, Street Maintenance and Urban Renewal General and Debt funds) are classified as major funds for the purposes of this report, based on criteria set forth by the Governmental Accounting Standards Board which is a mathematical formula that takes into consideration the funds relative size. The activity in the major funds is described below.

**Governmental Funds** –At the end of fiscal year 2017, the fund balance was \$8,139,856, and \$2,080,953 decrease from the ending balance of \$10,220,809 for fiscal year 2016. The Capital Equipment and Improvement Fund is no longer being reported as a major fund attributed to this difference.

**Street Maintenance Fund** – This fund met the requirements as a major fund this year. At the end of fiscal year 2017, the fund balance was \$375,969. The Street Maintenance Fund is responsible for maintaining City streets.

**CITY OF LA GRANDE, OREGON**  
**Management's Discussion and Analysis**  
**June 30, 2017**

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**Governmental Activities – (continued)**

Urban Renewal General Fund – Revenues and transfers in, accounted for the \$618,862 in total revenues. Expenditures were \$604,761, down \$951,118 from the prior year with the Adams Avenue project nearly complete. The fund balance increased \$14,101. There was no new issuance of debt.

Urban Renewal Debt Fund - The fund balance decreased by \$576,009 during the year. Revenues, were \$210,137, and expenses, including transfers out, were \$786,146. Prior year revenues and expenses were \$1,351,104 and \$1,529,982 respectively. The significant change in revenues were attributed to the under levy of the property taxes levied by the Urban Renewal Agency.

**Business-Type Activities**

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Proprietary funds (or enterprise funds) are those funds that account for government operations where the intent is for the costs to be primarily paid for by the beneficiary. The business-type activities of the City are accounted for in nine enterprise funds. Five of these funds (including water reserves, sewer reserves and sewer debt) are classified as major funds for the purposes of this report. The activity in the major funds is described below.

All Water Funds – The Water Fund accounts for the cost of the operation and maintenance of the City's reservoirs, wells and the distribution system for potable water. The fund net position increased by \$1,332,772 during the year as reserves hold a larger balance for the anticipated Beaver Creek Project. Revenues were \$3,893,190 which included the transfer in of \$965,789 from the Water and Capital Equipment and Improvement funds, and expenses, including transfers out, were \$2,615,518 as compared to prior year revenues of \$2,919,718 and expenses of \$2,390,549.

All Sewer Funds – The Sewer Fund accounts for the cost of the operation and maintenance of the collection system and the waste water treatment plant. The fund net position increased by \$2,720,236. Revenues, including transfers in, were \$6,868,161 and expenses, including transfers out, were \$4,147,925. Prior year revenues and expenses were \$4,378,436 and \$3,241,808 respectively.

**BUDGETARY HIGHLIGHTS**

Budget amounts shown in the financial statements reflect the original budget amounts. There were no supplemental budgets, however, the City did adjust by transfer of appropriations a change of \$60,000 from General Fund contingencies to the City Manager/City Council budget for unanticipated cost for employee/COBRA costs, legal expenses and pass thru Transient Room Tax dollars to the County.

**Capital Asset and Debt Administration**

**Capital assets** - The City's investment in capital assets for its governmental and business-type activities as of June 30, 2017 was \$77,340,803 (net of accumulated depreciation) compared to the prior year net capital assets of \$76,146,205. This investment in capital assets includes land, right-of-way, buildings and improvements, improvements other than buildings (such as parks and park improvements), equipment, and infrastructure (water systems, transportation, storm water, and wastewater). Overall, the City's net book value for capital assets increased by \$1,163,015 due to a street infrastructure improvement (20<sup>th</sup> street).

The City of La Grande manages the City's roadway infrastructure using the modified approach. There have been minor changes in the assessed condition of the assets that reflect the wear of the roadways, while also showing the results of the maintenance investments. Currently, the assessed condition of each of the pavement sections exceeds the level that has been adopted by the City, and is being adequately maintained.

**CITY OF LA GRANDE, OREGON**  
**Management's Discussion and Analysis**  
**June 30, 2017**

**Capital Asset and Debt Administration – (continued)**

There have historically been no differences in the actual amounts expended to maintain these levels, to the amounts needed that are estimated annually.

**Long-term Debt** – At year-end, the City had \$4,970,712 in bonds (Including deferred premium) and notes outstanding. Total debt outstanding decreased by 7.9% over last year as shown in the table below. More detailed information

**OUTSTANDING DEBT**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<u>6/30/2016</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2017</u>
Sewer Treatment	\$ -	\$ -	\$ 2,021,819	\$ 1,742,280	\$ 2,021,819	\$ 1,742,280
Oregon Economic Development	\$ 940,218	\$ 904,083	\$ -	\$ -	\$ 940,218	\$ 904,083
Urban Renewal Bond 2012A	\$ 910,000	\$ 865,000	\$ -	\$ -	\$ 910,000	\$ 865,000
Urban Renewal Bond 2015A	\$ 1,500,000	\$ 1,435,000	\$ -	\$ -	\$ 1,500,000	\$ 1,435,000
Deferred Premium	\$ 25,850	\$ 24,349	\$ -	\$ -	\$ 25,850	\$ 24,349
<b>Totals</b>	<b>\$ 3,376,068</b>	<b>\$ 3,228,432</b>	<b>\$ 2,021,819</b>	<b>\$ 1,742,280</b>	<b>\$ 5,397,887</b>	<b>\$ 4,970,712</b>

about the City's long-term obligations is presented in Note III (E) beginning on page 30 of this report.

**Component Units**

La Grande Urban Renewal Agency is a legally separate organization for which the City is accountable. This agency is so intertwined with the City that it is in substance the same as the City and, therefore, is blended and reported as if it was a part of the City. The elected Mayor and City Council serve as the governing board of the La Grande Urban Renewal Agency. The separate financial statements for the La Grande Urban Renewal Agency are available at City Hall.

**Economic Factors and Next Year's Budgets and Rates**

The State of Oregon does not have a sales tax, making property taxes the major resource for most governmental agencies in Oregon. This resource is used for governmental activities. Business-type activities are funded with utility fees and charges for services.

During the preparation of the budget for the ensuing fiscal year, the long-term impacts of the local economy were examined in conjunction with business decisions made by the City. Like all cities in Oregon, the City is operating under Measure 50, the ad valorem tax limitation measure approved by voters on May 20, 1997. This measure rolled back assessed values to 1995-96 levels and effectively limited increased property tax revenues the city could anticipate in future years to a maximum of three percent, with permitted allowances for increasing valuations based on new construction. No substantive changes to the basic provisions of Measure 50 have been enacted during subsequent Oregon Legislative sessions.

**CITY OF LA GRANDE, OREGON**  
**Management's Discussion and Analysis**  
**June 30, 2017**

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**Economic Factors and Next Year's Budgets and Rates – (continued)**

The following are the major assumptions used in developing the budget for fiscal year 2017-2018.

1. Interest rates on investments are continuing to increase slightly.
2. Most revenue projections are conservative based upon a projected status quo economy.
3. The City Council authorized a 5% rate increase for water.
4. A moderate under levy of the amount of assessed value upon which Urban Renewal revenues are based.
5. The City would set aside portions of its fund balances for contingencies and emergency situations.
6. Three bargaining groups entered into new three-year contracts commencing June 21, 2017 and the pay and benefits provided for the management group were also determined for the same three years.

The goals of the budget were to maintain as many of the existing staffing and service levels as possible, continue to invest in infrastructure and equipment, and maintain an appropriate level of resources needed to achieve these goals.

**Requests for Information**

The City's financial report is designed to provide City taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Kim Hulse, Finance Director at 1000 Adams Avenue, La Grande, OR 97850 or [kimhulse@cityoflagrande.org](mailto:kimhulse@cityoflagrande.org)

## **BASIC FINANCIAL STATEMENTS**

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**CITY OF LA GRANDE, OREGON**  
**STATEMENT OF NET POSITION**  
**June 30, 2017**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 9,042,804	\$ 10,148,541	\$ 19,191,345
Receivables:			
Accounts, net	866,564	1,050,469	1,917,033
Property taxes	549,165	-	549,165
Assessments	50,795	-	50,795
Notes	695,974	-	695,974
Internal balances	(373,261)	373,261	-
Prepaid items	139,398	-	139,398
Inventories	51,045	372,934	423,979
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	-	359,816	359,816
Investment in IOOF building	200,000	-	200,000
Capital assets:			
Land	879,768	276,216	1,155,984
Infrastructure on modified approach	44,324,104	-	44,324,104
Construction in progress	18,970	140,161	159,131
Depreciable assets, net of depreciation	13,115,231	18,586,353	31,701,584
 Total assets	 69,560,557	 31,307,751	 100,868,308
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	 2,318,550	 -	 2,318,550
 <b>LIABILITIES</b>			
Accounts payable and accrued expenses	849,449	202,824	1,052,273
Accrued interest payable	30,817	6,011	36,828
Deposits	13,275	-	13,275
Compensated absences	573,074	11,558	584,632
Long-term obligations:			
Due within one year	146,381	290,348	436,729
Due in more than one year	10,101,978	2,347,508	12,449,486
 Total liabilities	 11,714,974	 2,858,249	 14,573,223
 <b>DEFERRED INFLOWS OF RESOURCES</b>	 59,860	 -	 59,860
 <b>NET POSITION</b>			
Net investment in capital assets	55,133,990	17,260,450	72,394,440
Restricted for:			
Highways and streets	873,589	-	873,589
System development	172,700	4,400,625	4,573,325
Debt service	-	359,816	359,816
Urban Renewal District projects	1,210,918	-	1,210,918
Other grants and projects	523,756	-	523,756
Unrestricted	2,189,320	6,428,611	8,617,931
 Total net position	 \$ 60,104,273	 \$ 28,449,502	 \$ 88,553,775

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



**CITY OF LA GRANDE, OREGON**  
**STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2017**

		Program Revenues			Net (Expense) Revenue and Change in Net Position		
					Primary Government		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 836,936	\$ 174,901	\$ -	\$ 2,263	\$ (659,772)	\$ -	\$ (659,772)
Police department	3,691,917	275,699	348,272	6,270	(3,061,676)	-	(3,061,676)
Fire & EMS department	2,571,743	1,004,333	-	-	(1,567,410)	-	(1,567,410)
Community development	1,049,599	-	-	81,234	(968,365)	-	(968,365)
Public services	2,244,298	158,536	142,019	48,735	(1,895,008)	-	(1,895,008)
Highways and streets	1,260,395	558,731	788,864	1,910,099	1,997,299	-	1,997,299
Interest on long-term obligations	114,888	-	-	-	(114,888)	-	(114,888)
Total governmental activities	11,769,776	2,172,200	1,279,155	2,048,601	(6,269,820)	-	(6,269,820)
Business-type activities:							
Water	2,208,155	2,898,966	-	55,100	-	745,911	745,911
Sewer	2,512,778	3,450,357	-	-	-	937,579	937,579
Storm utility	336,545	209,967	-	18,128	-	(108,450)	(108,450)
Building inspection	536,350	528,173	-	-	-	(8,177)	(8,177)
Total business-type activities	5,593,828	7,087,463	-	73,228	-	1,566,863	1,566,863
Total primary government	\$17,363,604	\$ 9,259,663	\$1,279,155	\$2,121,829	(6,269,820)	1,566,863	(4,702,957)
General revenues:							
Property taxes levied for:							
General purposes					4,865,142	-	4,865,142
Debt service					174,864	-	174,864
Franchise and public services taxes					2,028,697	-	2,028,697
Interest and investment earnings					104,844	104,559	209,403
Miscellaneous					339	-	339
Gain (loss) on sale of property					(6,620)	-	(6,620)
Transfers					(2,365,761)	2,365,761	-
Total general revenues and transfers					4,801,505	2,470,320	7,271,825
Change in net position					(1,468,315)	4,037,183	2,568,868
Net position, beginning					61,572,588	24,412,319	85,984,907
Net position, ending					\$60,104,273	\$28,449,502	\$88,553,775

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



## **FUND FINANCIAL STATEMENTS**

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### **Major Governmental Funds**

#### **General Fund**

The General Fund is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund. Principal sources of revenue are property taxes, franchise fees, hotel-motel tax, and state shared revenues. Expenditures are primarily for general government operations, police, fire & EMS, community development, and public services.

#### **Street Maintenance Fund**

The Street Maintenance Fund accounts for the cost of maintaining City streets. Principal sources of revenues are the street maintenance fee and interest income.

#### **Urban Renewal General**

The Urban Renewal General Fund accounts for the primary operating activity for the Agency. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

#### **Urban Renewal Debt Fund**

The Urban Renewal Debt Fund accounts for revenue specifically reserved for Urban Renewal debt service.

**CITY OF LA GRANDE, OREGON**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2017**

	General Fund	Street Maintenance Fund	Urban Renewal General Fund	Urban Renewal Debt Fund	Other Governmental Funds	Totals
<b>ASSETS</b>						
Cash and cash equivalents	\$ 4,040,305	\$ 568,218	\$ 1,227,541	\$ 21,487	\$ 2,473,742	\$ 8,331,293
Receivables:						
Property taxes	465,713	-	-	83,452	-	549,165
Accounts, net	614,223	171,931	-	-	80,410	866,564
Assessments	-	-	-	-	50,795	50,795
Notes	-	-	695,974	-	-	695,974
Inventory	-	-	-	-	46,566	46,566
Prepaid items	5,489	-	-	-	-	5,489
 Total assets	<u>\$ 5,125,730</u>	<u>\$ 740,149</u>	<u>\$ 1,923,515</u>	<u>\$ 104,939</u>	<u>\$ 2,651,513</u>	<u>\$10,545,846</u>
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	\$ 400,638	\$ 227,675	\$ 40,393	\$ -	\$ 106,316	\$ 775,022
Deposits	-	-	-	-	13,275	13,275
 Total liabilities	<u>400,638</u>	<u>227,675</u>	<u>40,393</u>	<u>-</u>	<u>119,591</u>	<u>788,297</u>
<b>DEFERRED INFLOWS OF</b>						
Unavailable revenue	<u>653,250</u>	<u>136,505</u>	<u>695,974</u>	<u>81,169</u>	<u>50,795</u>	<u>1,617,693</u>
<b>FUND BALANCES</b>						
Nonspendable	5,489	-	-	-	46,566	52,055
Restricted	-	375,969	1,187,148	23,770	1,194,082	2,780,969
Assigned	20,000	-	-	-	1,240,479	1,260,479
Unassigned	<u>4,046,353</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,046,353</u>
 Total fund balances	<u>4,071,842</u>	<u>375,969</u>	<u>1,187,148</u>	<u>23,770</u>	<u>2,481,127</u>	<u>8,139,856</u>
 Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,125,730</u>	<u>\$ 740,149</u>	<u>\$ 1,923,515</u>	<u>\$ 104,939</u>	<u>\$ 2,651,513</u>	<u>\$10,545,846</u>

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

**CITY OF LA GRANDE, OREGON**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**June 30, 2017**

<b>Fund balances - total governmental funds</b>	<b>\$</b>	<b>8,139,856</b>
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the funds		56,920,851
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Real estate held for investment in governmental activities are not financial resources, and, therefore, are not reported in the funds		200,000
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Prepaid health insurance is expensed in the fund financial statements as it is paid, but in the Statement of Net Position, it is reported as an asset for a prepaid expenditure.		96,018
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Other long-term assets are not available to pay for current period expenditures, and, therefore, are deferred in the fund statements.		1,617,693
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Net pension liability and the related deferred outflows and deferred inflows are not due and payable in the current period, and, therefore, are not reported in the funds.		(2,217,767)
--	--	-------------

Accrued compensated absences are not due and payable in the current period, and, therefore, are not reported in the funds.		(380,165)
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Accrued other postemployment benefits are not due and payable in the current period, and, therefore, are not reported in the funds.		(2,543,470)
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Accrued interest payable is not due and payable in the current period, and, therefore, is not reported in the fund statements.		(30,817)
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Long-term liabilities, including bonds and notes payable and the related premium on debt, are not due and payable in the current period, and, therefore, are not reported in the fund statements.		(3,228,432)
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Internal service funds are used by management to charge motor pool costs and public works labor to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.		1,530,506
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<b>Net position of governmental activities</b>	<b>\$</b>	<b>60,104,273</b>
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**CITY OF LA GRANDE, OREGON**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2017**

	General Fund	Street Maintenance Fund	Urban Renewal General Fund	Urban Renewal Debt Fund	Other Governmental Funds	Totals
<b>REVENUES</b>						
Property taxes	\$ 4,788,639	\$ -	\$ -	\$ 193,235	\$ -	\$ 4,981,874
Other taxes	505,622	-	-	-	-	505,622
Franchise fees	1,178,595	-	-	-	-	1,178,595
Assessments	-	-	-	-	11,943	11,943
Assessment Interest	-	-	1,593	-	-	1,593
Licenses and fees	24,110	-	-	-	-	24,110
Charges for services	1,346,369	419,918	-	-	18,311	1,784,598
Intergovernmental	474,351	-	25,000	-	1,173,643	1,672,994
Fines and forfeitures	74,434	-	-	-	-	74,434
Contributions	-	-	-	-	6,763	6,763
Interest on investments	42,131	4,024	-	16,902	34,506	97,563
Miscellaneous	150,790	11,615	69,641	-	43,496	275,542
<b>TOTAL REVENUES</b>	<u>8,585,041</u>	<u>435,557</u>	<u>96,234</u>	<u>210,137</u>	<u>1,288,662</u>	<u>10,615,631</u>
<b>EXPENDITURES</b>						
Current:						
General government	790,791	-	-	-	-	790,791
Police department	2,839,769	-	-	-	369,758	3,209,527
Fire & EMS department	2,114,895	-	-	-	19,617	2,134,512
Community development	289,272	-	301,843	-	-	591,115
Public services	1,471,953	-	-	-	55,086	1,527,039
Highways and streets	-	331,164	-	-	897,336	1,228,500
Capital outlay	157,165	-	302,918	-	125,737	585,820
Debt service	-	-	-	263,518	-	263,518
<b>TOTAL EXPENDITURES</b>	<u>7,663,845</u>	<u>331,164</u>	<u>604,761</u>	<u>263,518</u>	<u>1,467,534</u>	<u>10,330,822</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>921,196</u>	<u>104,393</u>	<u>(508,527)</u>	<u>(53,381)</u>	<u>(178,872)</u>	<u>284,809</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	522,628	-	267,486	790,114
Transfers out	(110,736)	-	-	(522,628)	(2,522,511)	(3,155,875)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(110,736)</u>	<u>-</u>	<u>522,628</u>	<u>(522,628)</u>	<u>(2,255,025)</u>	<u>(2,365,761)</u>
<b>NET CHANGE IN FUND BALANCE</b>	810,460	104,393	14,101	(576,009)	(2,433,897)	(2,080,952)
<b>FUND BALANCE, Beginning</b>	<u>3,261,382</u>	<u>271,576</u>	<u>1,173,047</u>	<u>599,779</u>	<u>4,915,024</u>	<u>10,220,808</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 4,071,842</u>	<u>\$ 375,969</u>	<u>\$ 1,187,148</u>	<u>\$ 23,770</u>	<u>\$ 2,481,127</u>	<u>\$ 8,139,856</u>

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

**CITY OF LA GRANDE, OREGON**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2017**

**Net change in fund balance - governmental funds** **\$ (2,080,952)**

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Unavailable revenues	189,035
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Repayment of long-term obligations principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Assets.

146,135

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

Change in prepaid health insurance	3,897
Change in compensated absences	21,087
Change in accrued interest payable	994
Amortization of bond premium	1,501
Change in other postemployment benefits	(210,488)
Change in pension asset (liability) and related deferred outflows and inflows	(509,743)
Change in net relizable value of IOOF building	(220,361)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of capital assets are allocated over the useful lives and reported as depreciation

Capital asset additions	\$ 2,127,415	
Basis of assets disposed	(10,718)	
Depreciation expense	<u>(907,413)</u>	
		1,209,284

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenues (expenses) of the internal service funds are allocated between governmental and business - type activities.

(18,704)

**Change in net position - governmental activities** **\$ (1,468,315)**

**CITY OF LA GRANDE, OREGON**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2017**

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
<b>REVENUES</b>				
Property taxes	\$ 4,800,500	\$ 4,800,500	\$ 4,788,639	\$ (11,861)
Other taxes	510,000	510,000	505,622	(4,378)
Franchise fees	1,186,168	1,186,168	1,178,595	(7,573)
Licenses and fees	33,000	33,000	24,110	(8,890)
Charges for services	1,199,330	1,199,330	1,346,369	147,039
Intergovernmental	453,219	453,219	474,351	21,132
Fines and forfeitures	56,500	56,500	74,434	17,934
Interest on investments	13,800	13,800	42,131	28,331
Miscellaneous	413,617	413,617	452,632	39,015
<b>TOTAL REVENUES</b>	<u>8,666,134</u>	<u>8,666,134</u>	<u>8,886,883</u>	<u>220,749</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,507,583	1,567,583	1,467,772	99,811
Police department	3,102,489	3,102,489	2,839,769	262,720
Fire & EMS department	2,300,100	2,300,100	2,114,895	185,205
Community development	619,828	619,828	539,035	80,793
Public works	1,564,017	1,564,017	1,471,953	92,064
Capital outlay	188,500	188,500	157,165	31,335
Contingency	300,000	240,000	-	240,000
<b>TOTAL EXPENDITURES</b>	<u>9,582,517</u>	<u>9,582,517</u>	<u>8,590,589</u>	<u>991,928</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(916,383)</u>	<u>(916,383)</u>	<u>296,294</u>	<u>1,212,677</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	629,902	629,902	624,902	(5,000)
Transfers out	(110,736)	(110,736)	(110,736)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>519,166</u>	<u>519,166</u>	<u>514,166</u>	<u>(5,000)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(397,217)</u>	<u>(397,217)</u>	<u>810,460</u>	<u>1,207,677</u>
<b>FUND BALANCE, Beginning</b>	<u>2,826,230</u>	<u>2,826,230</u>	<u>3,261,382</u>	<u>435,152</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 2,429,013</u>	<u>\$ 2,429,013</u>	<u>\$ 4,071,842</u>	<u>\$ 1,642,829</u>

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



**CITY OF LA GRANDE, OREGON**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**STREET MAINTENANCE FUND**  
**For the Fiscal Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 410,000	\$ 410,000	\$ 419,918	\$ 9,918
Interest on investments	1,000	1,000	4,024	3,024
Miscellaneous	-	-	11,615	11,615
<b>TOTAL REVENUES</b>	<u>411,000</u>	<u>411,000</u>	<u>435,557</u>	<u>24,557</u>
<b>EXPENDITURES</b>				
Current:				
Highways and streets:				
Materials and services	500,300	500,300	331,164	169,136
Capital outlay	1,000	1,000	-	1,000
Contingency	<u>75,195</u>	<u>75,195</u>	<u>-</u>	<u>75,195</u>
<b>TOTAL EXPENDITURES</b>	<u>576,495</u>	<u>576,495</u>	<u>331,164</u>	<u>245,331</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(165,495)</u>	<u>(165,495)</u>	<u>104,393</u>	<u>269,888</u>
<b>NET CHANGE IN FUND BALANCE</b>	(165,495)	(165,495)	104,393	269,888
<b>FUND BALANCE, Beginning</b>	<u>209,459</u>	<u>209,459</u>	<u>271,576</u>	<u>62,117</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 43,964</u>	<u>\$ 43,964</u>	<u>\$ 375,969</u>	<u>\$ 332,005</u>

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

**CITY OF LA GRANDE, OREGON**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**URBAN RENEWAL GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2017**

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
<b>REVENUES</b>				
Assessment Interest	\$ -	\$ -	\$ 1,593	\$ 1,593
Intergovernmental	25,000	25,000	25,000	-
Miscellaneous	-	-	69,641	69,641
<b>TOTAL REVENUES</b>	<u>25,000</u>	<u>25,000</u>	<u>96,234</u>	<u>71,234</u>
<b>EXPENDITURES</b>				
Current:				
Community development:				
Materials and services	373,967	373,967	301,843	72,124
Capital outlay	1,062,175	1,062,175	302,918	759,257
Contingency	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
<b>TOTAL EXPENDITURES</b>	<u>1,536,142</u>	<u>1,536,142</u>	<u>604,761</u>	<u>931,381</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,511,142)</u>	<u>(1,511,142)</u>	<u>(508,527)</u>	<u>1,002,615</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>807,000</u>	<u>807,000</u>	<u>522,628</u>	<u>(284,372)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>807,000</u>	<u>807,000</u>	<u>522,628</u>	<u>(284,372)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(704,142)	(704,142)	14,101	718,243
<b>FUND BALANCE, Beginning</b>	<u>1,257,375</u>	<u>1,257,375</u>	<u>1,173,047</u>	<u>(84,328)</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 553,233</u>	<u>\$ 553,233</u>	<u>\$ 1,187,148</u>	<u>\$ 633,915</u>

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

## **FUND FINANCIAL STATEMENTS**

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### **Proprietary Funds**

The City of La Grande uses Proprietary Funds comprised entirely of Enterprise Funds.

Enterprise Funds are used to report activities for which a fee is charged to external users for goods and services and to account for the acquisition, operation, and maintenance of the water sewer, storm sewer, and building inspection activities. These funds are entirely or predominately self-supported through user charges to the customer. Funds included are:

- **All Water**
- **All Sewer**
- **Other Enterprise**

For budgetary purposes (see budget schedules in Supplemental Information), the above funds are accounted for in the following separate funds:

- **All Water Funds**
  - Water
  - Water Reserve
- **All Sewer Funds**
  - Sewer
  - Sewer Construction
  - CWSRF
- **Other Enterprise Funds**
  - Storm Utility
  - Storm Utility Reserve
  - Building Inspections
  - Building Inspections Reserve

**CITY OF LA GRANDE, OREGON**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2017**

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	All Water Funds	All Sewer Funds	Other Enterprise Funds	Total	
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 2,683,230	\$ 6,192,284	\$ 1,273,027	\$10,148,541	\$ 711,511
Receivables:					
Accounts, net	436,401	568,794	45,274	1,050,469	-
Prepaid items	-	-	-	-	37,891
Inventories	336,495	36,439	-	372,934	4,480
Total current assets	<u>3,456,126</u>	<u>6,797,517</u>	<u>1,318,301</u>	<u>11,571,944</u>	<u>753,882</u>
Noncurrent assets:					
Restricted cash and cash equivalents	-	359,816	-	359,816	-
Capital assets:					
Land	82,573	193,643	-	276,216	-
Construction in progress	140,161	-	-	140,161	-
Depreciable assets, net of depreciation	<u>5,043,613</u>	<u>12,445,448</u>	<u>1,097,292</u>	<u>18,586,353</u>	<u>1,417,222</u>
Total noncurrent assets	<u>5,266,347</u>	<u>12,998,907</u>	<u>1,097,292</u>	<u>19,362,546</u>	<u>1,417,222</u>
Total assets	<u>8,722,473</u>	<u>19,796,424</u>	<u>2,415,593</u>	<u>30,934,490</u>	<u>2,171,104</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>	-	-	-	-	-
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	146,525	31,337	24,962	202,824	74,427
Accrued interest payable	-	6,011	-	6,011	-
Compensated absences payable	-	-	11,558	11,558	192,909
Current portion of long-term debt	-	290,348	-	290,348	-
Total current liabilities	<u>146,525</u>	<u>327,696</u>	<u>36,520</u>	<u>510,741</u>	<u>267,336</u>
Long-term obligations, net of current portion					
Notes and contracts payable	-	1,451,932	-	1,451,932	-
Other postemployment benefits	<u>345,223</u>	<u>448,009</u>	<u>102,344</u>	<u>895,576</u>	<u>-</u>
Total non-current liabilities	<u>345,223</u>	<u>1,899,941</u>	<u>102,344</u>	<u>2,347,508</u>	<u>-</u>
Total liabilities	<u>491,748</u>	<u>2,227,637</u>	<u>138,864</u>	<u>2,858,249</u>	<u>267,336</u>
<b>DEFERRED INFLOW OF RESOURCES</b>	-	-	-	-	-
<b>NET POSITION</b>					
Net investment in capital assets	5,266,347	10,896,811	1,097,292	17,260,450	1,417,222
Restricted for system development	874,464	3,472,245	53,916	4,400,625	-
Restricted for debt service	-	359,816	-	359,816	-
Unrestricted	<u>2,089,914</u>	<u>2,839,915</u>	<u>1,125,521</u>	<u>6,055,350</u>	<u>486,546</u>
Total net position	<u>\$ 8,230,725</u>	<u>\$ 17,568,787</u>	<u>\$ 2,276,729</u>	<u>\$28,076,241</u>	<u>\$ 1,903,768</u>

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

**CITY OF LA GRANDE, OREGON**  
**RECONCILIATION OF THE PROPRIETARY FUNDS STATEMENT OF NET POSITION**  
**TO THE STATEMENT OF NET POSITION**  
**June 30, 2017**

<b>Net position - total enterprise funds</b>	\$ 28,076,241
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Amounts reported for business-type activities in the Statement of Net Position are different because:

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in Governmental Activities in the Statement of Net Position, but a portion of the residual balance is attributed to charges paid from the Business-type Activities.

<u>373,261</u>
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<b>Net position of business - type activities</b>	<u><u>\$ 28,449,502</u></u>
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**CITY OF LA GRANDE, OREGON**  
**STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2017**

	Business-type Activities - Enterprise Funds				Governmental Type Activities - Internal Service Funds
	All Water Funds	All Sewer Funds	Other Enterprise Funds	Total	
<b>OPERATING REVENUES</b>					
Charges for services	\$ 2,865,986	\$ 3,426,277	\$ 209,967	\$ 6,502,230	\$ 2,979,076
Licenses and fees	-	-	528,043	528,043	-
Miscellaneous	32,980	24,080	18,258	75,318	339
<b>TOTAL OPERATING REVENUES</b>	<u>2,898,966</u>	<u>3,450,357</u>	<u>756,268</u>	<u>7,105,591</u>	<u>2,979,415</u>
<b>OPERATING EXPENSES</b>					
Personal services	441,560	700,813	268,858	1,411,231	2,633,106
Materials and services	1,353,720	1,096,738	538,613	2,989,071	224,179
Depreciation	377,671	602,934	54,381	1,034,986	191,211
<b>TOTAL OPERATING EXPENSES</b>	<u>2,172,951</u>	<u>2,400,485</u>	<u>861,852</u>	<u>5,435,288</u>	<u>3,048,496</u>
<b>OPERATING INCOME (LOSS)</b>	<u>726,015</u>	<u>1,049,872</u>	<u>(105,584)</u>	<u>1,670,303</u>	<u>(69,081)</u>
<b>NON-OPERATING INCOME (EXPENSES)</b>					
Gain (loss) on disposal of capital assets	(14,192)	(10,613)	-	(24,805)	(6,620)
Interest on investments	28,435	61,749	14,375	104,559	7,282
Interest expense	-	(84,019)	-	(84,019)	-
<b>TOTAL NON-OPERATING INCOME (EXPENSES)</b>	<u>14,243</u>	<u>(32,883)</u>	<u>14,375</u>	<u>(4,265)</u>	<u>662</u>
<b>NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	740,258	1,016,989	(91,209)	1,666,038	(68,419)
<b>CAPITAL CONTRIBUTIONS</b>					
Intergovernmental	55,100	-	-	55,100	-
<b>TRANSFERS</b>					
Transfers In	965,789	3,356,055	195,100	4,516,944	-
Transfers out	(428,375)	(1,652,808)	(70,000)	(2,151,183)	-
<b>CHANGE IN NET POSITION</b>	1,332,772	2,720,236	33,891	4,086,899	(68,419)
<b>NET POSITION, Beginning</b>	<u>6,897,953</u>	<u>14,848,551</u>	<u>2,242,838</u>	<u>23,989,342</u>	<u>1,972,187</u>
<b>NET POSITION, Ending</b>	<u>\$ 8,230,725</u>	<u>\$ 17,568,787</u>	<u>\$ 2,276,729</u>	<u>\$ 28,076,241</u>	<u>\$ 1,903,768</u>

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

**CITY OF LA GRANDE, OREGON**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN FUND NET POSITION OF ENTERPRISE FUNDS TO THE STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2017**

<b>Change in net position - total enterprise funds</b>	\$ 4,086,899
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Amounts reported for business-type activities in the Statement of Activities are different because:

Internal service funds are used by management to charge the costs of certain activities to individual funds. A portion of the net revenue (expense) of the internal service funds are allocated to business - type activities.

(49,716)

<b>Change in net position of business - type activities</b>	<u>\$ 4,037,183</u>
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**CITY OF LA GRANDE, OREGON**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2017**

	Business-type Activities - Enterprise Funds				Governmental
	All Water Funds	All Sewer Funds	Other Enterprise Funds	Totals	Activities Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 2,886,882	\$ 3,245,408	\$ 738,033	\$ 6,870,323	\$ 339
Receipts from interfund services provided	-	-	-	-	2,979,076
Payments to suppliers	(376,428)	(423,263)	(328,476)	(1,128,167)	(1,081,677)
Payments to employees	-	-	(176,630)	(176,630)	(1,595,985)
Payments for interfund services used	(1,400,790)	(1,359,432)	(311,456)	(3,071,678)	(151,075)
Net cash provided from (used by) operating activities	<u>1,109,664</u>	<u>1,462,713</u>	<u>(78,529)</u>	<u>2,493,848</u>	<u>150,678</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers in	965,789	3,356,055	195,100	4,516,944	-
Transfers out	(428,375)	(1,652,808)	(70,000)	(2,151,183)	-
Net cash provided from (used by) non-capital financing activities	<u>537,414</u>	<u>1,703,247</u>	<u>125,100</u>	<u>2,365,761</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition of capital assets	(348,103)	(427,582)	(74,250)	(849,935)	(305,417)
Principal paid on long-term obligations	-	(279,539)	-	(279,539)	-
Interest paid on long-term obligations	-	(84,894)	-	(84,894)	-
Net cash provided from (used by) capital and related financing activities	<u>(348,103)</u>	<u>(792,015)</u>	<u>(74,250)</u>	<u>(1,214,368)</u>	<u>(305,417)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest on investments	<u>28,435</u>	<u>61,749</u>	<u>14,375</u>	<u>104,559</u>	<u>7,282</u>
Net cash provided (used) by investing activities	<u>28,435</u>	<u>61,749</u>	<u>14,375</u>	<u>104,559</u>	<u>7,282</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	1,327,410	2,435,694	(13,304)	3,749,800	(147,457)
<b>CASH AND CASH EQUIVALENTS, Beginning</b>	<u>1,355,820</u>	<u>4,116,406</u>	<u>1,286,331</u>	<u>6,758,557</u>	<u>858,968</u>
<b>CASH AND CASH EQUIVALENTS, Ending</b>	<u><u>\$ 2,683,230</u></u>	<u><u>\$ 6,552,100</u></u>	<u><u>\$ 1,273,027</u></u>	<u><u>\$10,508,357</u></u>	<u><u>\$ 711,511</u></u>

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



**CITY OF LA GRANDE, OREGON**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2017**

	Business-type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	All Water Funds	All Sewer Funds	Other Enterprise Funds	Totals	
<b>Reconciliation of operating income (loss) to net cash provided from (used by) operating activities</b>					
Operating income (loss)	\$ 726,015	\$ 1,049,872	\$ (105,584)	\$ 1,670,303	\$ (69,081)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	377,671	602,934	54,381	1,034,986	191,211
(Increase) decrease in assets:					
Receivables	(12,084)	(204,949)	(18,235)	(235,268)	-
Inventories	(31,866)	-	-	(31,866)	23
Increase (decrease) in liabilities:					
Accounts payable and accrued expenses	21,920	(21,389)	(21,345)	(20,814)	(4,573)
Compensated absences payable	-	-	3,134	3,134	33,098
Other postemployment benefits	28,008	36,245	9,120	73,373	-
Net cash provided from operating activities	<u>\$ 1,109,664</u>	<u>\$ 1,462,713</u>	<u>\$ (78,529)</u>	<u>\$ 2,493,848</u>	<u>\$ 150,678</u>

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



## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**CITY OF LA GRANDE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Financial Reporting Entity**

The City of La Grande, Oregon (the City) is organized under the general laws of the State of Oregon. The City Council, composed of the Mayor and six Council members, comprises the legislative branch of the City. Individual departments are under the direction of the City Manager, who is appointed by the City Council.

The accompanying financial statements present all activities, funds and component units for which the City is considered financially accountable. The criteria used in making this determination includes appointment of a voting majority, imposition of will, financial benefit or burden on the primary government, and fiscal dependency on the primary government. Based upon the evaluation of this criterion the City is a primary government with the following includable component unit.

**La Grande Urban Renewal Agency**

The Agency was formed on November 17, 1999 for the purpose of assisting in the economic development of the City of La Grande and is responsible for the urban growth and development within its boundaries. The Agency's governing body consists of the Mayor and City Council members. The City is required to certify to the County Assessor any incremental taxes to be levied for the benefit of the Agency. Since the City Council acts as its governing board, it has been included as a blended component unit in the financial statements. Complete financial statements for the Agency may be obtained at the City's administrative offices at 1000 Adams Avenue, La Grande, Oregon 97850.

**B. Government – Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the City (the primary government) and its component units. 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-types activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the City is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

### **C. Measurement Focus, Basis of Accounting and Basis of Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary 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.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the functions of the City, the elimination of which would distort the direct costs and program revenues reported for the various functions concerned.

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 are charges to customers for sales and services. Operating expenses for proprietary funds included the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

For Governmental Funds, funds are funded by a variety of resources, which include Restricted, Committed, Assigned, and Unassigned sources. Unless specifically tracked, expenditures are assumed to begin with Restricted, Committed, Assigned, and lastly, Unassigned.

For Proprietary Funds, when both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered 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 available if they are collected within 60 days of the end of the current fiscal period. Significant revenues, which are susceptible to accrual under the modified accrual basis of accounting, include property taxes, court fines, ambulance, and federal and state grants. Other revenue items are considered measurable and available when received by the City. 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.

The bases of accounting described above are in accordance with accounting principles generally accepted in the United States of America.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

The *Street Maintenance Fund* accounts for the cost of maintaining City streets. Principal sources of revenues are the street utility fee and interest.

The *Urban Renewal General Fund* accounts for the primary operating activity for the Urban Renewal Agency. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

The *Urban Renewal Debt Fund* accounts for revenue specifically reserved for Urban Renewal debt service.

The City reports the following major proprietary funds:

The *Water Fund* accounts for the operation and maintenance of the water system.

The *Sewer Funds* account for the operating and maintenance of the sewer system.

The City also includes the following fund types as other governmental funds:

*Special revenue funds* account for revenue derived from specific taxes or other revenue sources, which are legally restricted or committed to finance particular functions or activities.

*Capital projects funds* account for financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including acquisition or construction of capital facilities and other capital assets. Capital Project Funds exclude those types of capital related outflows financed by proprietary funds.

## **D. Assets, Liabilities and Equity**

### **1. Cash, Cash Equivalents, and Investments**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, investments in the Local Government Investment Pool, and short-term investments with original maturities of three months or less from the date of acquisition.

The cash balances of substantially all funds are pooled and invested by the City for the purpose of increasing earnings through investment activities. The pool's investments are reported at fair value at June 30, 2017, based on market prices. The individual fund's portion of the pool's fair value is presented as cash and cash equivalents. Earnings on the pooled funds are apportioned and paid or credited to the funds monthly based on the ending balance of each participating fund.

## **2. Receivables and Payables**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “interfund receivables/payables” (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 are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not available expendable financial resources.

Other receivables including accounts, entitlements, and shared revenues are reported in accordance with the policies enumerated in Paragraph C above. An allowance for uncollectible accounts has been established for the General, Street Maintenance, Water, Sewer, and Storm Utility and represents the portion of receivables not expected to be collected.

## **3. Inventories and Prepaid Expenses**

Inventories are valued at estimated average cost value using the first-in/first-out (FIFO) method in the Water, Sewer, and Street & Road funds. Expenses are recognized when the inventories are consumed. Other inventories are taken for control purposes only with no dollar value assigned.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

## **4. Capital Assets**

Capital assets, which include property, plant, equipment, land, land improvements, 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 in excess of one year. Such assets are recorded at historical cost or estimated historical cost when actual cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Infrastructure assets include the City’s street and road system. GAAP allows governments to use a modified approach for reporting infrastructure assets. This modified approach requires the government to manage its eligible infrastructure using an asset management system and to document that the eligible infrastructure assets are being preserved at or above a condition level established and disclosed by the government. The City has elected to use the modified approach for reporting its infrastructure assets. Using a pavement management system, the City has inventoried all City streets, assigned a condition, and arrived at an overall weighted composite index for all streets. The pavement management system allows the City to calculate a replacement cost for all functional classes of streets using linear feet. The total replacement cost was deflated to estimated historical cost figures using a historical construction cost index for the original estimated date of

construction. The costs of maintenance and preservation that do not add to the asset's capacity or serviceability are expensed as incurred.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed, net of interest earned on the invested proceeds over the same period. There was no interest capitalized during the year.

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

<u>Assets</u>	<u>Life</u>
Buildings	5 – 50 years
Land Improvements	10 – 50 years
Equipment	5 – 30 years
Water & Sewer Systems	5 – 50 years

## **5. Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the lives of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are 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.

## **6. Compensated Absences**

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

The City accrues a liability for compensated absences, which meet the following criteria: (1) the City's obligation relating to employees' rights to receive compensation for future absences is attributable to employees services already rendered, (2) the obligation related to rights that vest or accumulate, (3) payment of the compensation is probable, (4) the amount can be reasonably estimated. In accordance with the above criteria, the City has accrued a liability for 100% of vacation pay which has been earned, but not taken, by City employees.

Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the City. Sick leave accrues to full-time permanent employees to specified maximums.



## **7. Pensions**

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

## **8. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that met the definition of GASB 54: Nonspendable, Restricted, Committed, Assigned, and Unassigned. The constraints are defined as follows:

Nonspendable - resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash and include inventories and prepaid amounts.

Restricted - 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 – reported when the City Council passes a resolution that places specific constraints on how the resources may be used. The City Council can modify or rescind the resolution at any time through passage of an additional resolution.

Assigned - resources are constrained by the government's intent to use them for a specific purpose, but are neither restricted nor committed. Intent is expressed when the City council approves which resources should be assigned to expenditures of particular purposes during the adoption of the annual budget. The City Council has authorized the City Manager or his designee to use that information to determine whether those resources should be classified as assigned or unassigned for presentation in the City's fund financial statements.

Unassigned – the residual classification for the General Fund. This classification represents fund balance that has not been restricted, committed, or assigned.

When the option is available to use restricted or unrestricted resources for any purpose, the City expends restricted resources first. When the option is available to use committed, assigned, or unassigned resources for any purpose, the City expends committed resources before assigned resources, and assigned resources before unassigned resources.

## **9. Restricted Net Position**

Restrictions on net position that are imposed either by creditors, grantors, laws or other regulations, or by enabling legislation are reported as restricted net position.

## **10. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues, expenditures, expenses and other disclosures. Accordingly, actual results could differ from those estimates.

### **E. Pending Accounting Pronouncements**

The GASB issued Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB 75 replaces the requirements of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended. The scope of the statement addresses accounting and financial reporting for Other Postemployment Benefits (OPEB) provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This Statement is effective for fiscal years beginning after June 15, 2017 and the effect on the City's financial statements has not yet been determined.

## **II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### **A. Budgetary Information**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP) for all funds, except for the proprietary funds and the General fund. The annual budget for proprietary funds is adopted on the modified accrual basis of accounting, which is not consistent with GAAP, in order to comply with Oregon Local Budget Law. The General fund budgets interfund reimbursements of expenses from other funds as revenue and transfers in, which is not consistent with GAAP. For GAAP reporting, \$926,744 was eliminated from revenues/ transfers and the corresponding reimbursed expenditures. Transfers out representing the expenditure reimbursements were reclassified to expenditures in the Street & Road Fund, 911 Emergency Fund, Water Fund, Sewer Fund, and Building Inspections Fund to be consistent with GAAP. All annual appropriations lapse at fiscal year-end.

Oregon Local Budget Law establishes standard procedures relating to the preparation, adoption, and execution of the annual budget.

The City begins its budgeting process by appointing Budget Committee members in the fall of each year. Management develops budget recommendations through early spring with the Budget Committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June and the hearing is held in June. The City Council adopts the budget, makes appropriations, and declares the tax levy no later than June 30. Expenditure appropriations may not be legally over expended, except in the case of grant receipts and bond sale proceeds, which could not be reasonably estimated at the time the budget was adopted.

The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. The level of budgetary control is established at the department level for the General Fund. For all other funds, the level of budgetary control is established at the function level (Public Works Services, Grants and Donations, Building Inspection Services and 911 Emergency Services), capital outlay, operating contingency, interfund transfers, and debt service.

Unexpected additional resources may be added to the budget and appropriated for expenditure by using a supplemental budget. The supplemental budget process requires a hearing before the public, publication in the newspaper, and approval by the City Council. Oregon Local Budget Law also provides certain specific exceptions to the supplemental budget process to increase appropriations. Management must obtain City Council authorization for all appropriation transfers and supplementary budgetary appropriations.

During the year ended June 30, 2017, there were no supplemental budgets adopted and one appropriation transfer. Appropriations are limited to a single fiscal year; therefore, all spending authority of the City lapses as of year-end.

#### **B. Excess of Expenditures over Appropriations**

There were no expenditures that exceeded appropriations for the 2016-2017 budget.

### **III. DETAILED NOTES ON ALL FUNDS**

#### **A. Deposits and Investments**

**Deposits.** The Governmental Accounting Standards Board has adopted accounting principles generally accepted in the United States of America (GAAP), which includes standards to categorize deposits to give an indication of the level of custodial credit risk assumed by the City at June 30, 2017. If bank deposits at year-end are not entirely insured or collateralized with securities held by the City or by its agent in the City's name, the City must disclose the custodial credit risk that exists.

Oregon Revised Statutes Chapter 295, requires depository institutions to pledge a percentage of their uninsured public fund deposits. The percentage required to be pledged depends on how well the depository institution is capitalized. A well-capitalized institution is required to pledge collateral valued at least 10% of their quarter-end public fund deposits, while adequately capitalized and undercapitalized bank depositories are required to pledge collateral valued at 110% of their uninsured public fund deposits. Public officials are no longer required to request Certificates of Participation for balances in excess of FDIC insured amounts. Instead, they are required to ensure the institutions holding deposits have pledged the appropriate amount of collateral and are approved by the Office of the State Treasurer (OST). Public officials are also required to report all bank depositories in which they deposit public funds to the OST.

The City's deposits are comprised of bank demand deposits. For the fiscal year ended June 30, 2017, the carrying amount for the City's deposits was \$340,502 and the bank balance was \$480,315. All deposits are held in the name of the City. Of the bank balances \$250,000 was covered by federal depository insurance. The remaining \$230,315 was collateralized under ORS 295.

Custodial credit risk for deposits is the risk that, in the event of bank failure, a government's deposits may not be returned to it. The City does not have a formal deposit policy for custodial credit risk.

**Investments.** The City of La Grande has invested funds in the State Treasurer's Oregon Short-Term Fund Local Government Investment Pool during the year. The Oregon Short-Term Fund is the local government investment pool for local governments and was established by the State Treasurer. It was created to meet the administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). Local Government Investment Pool (LGIP) is an unrated external investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. The amounts invested in the pool are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry as defined by GASB Statement No. 40.

In addition, The Oregon State Treasury LGIP distributes investment income on an amortized cost basis and the participant's equity in the pool is determined by the amount of participant deposits, adjusted for withdrawals and distributed income. Accordingly, the adjustment to fair value would not represent an expendable increase in the City's cash position.

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

**Concentration of Credit Risk.** The City is required to provide information about the concentration of credit risk associated with its investments in one issuer that represent 5 percent or more of the total investments, excluding investments in external investment pools or those issued and explicitly guaranteed by the U.S. Government. The City has no such investments.

**Interest Rate Risk.** The City has no formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates.

Investments held by the City at June 30, 2017 are as follows:

	<u>Maturity</u>	<u>Percentage of Portfolio</u>	<u>Carrying Amount/ Fair Value</u>
Local Government Investment Pool	1 day	100%	\$ 19,209,459
Less amounts classified as cash equivalents			<u>(19,209,459)</u>
Total Investments			<u><u>\$ -</u></u>

A reconciliation of cash and cash equivalents as shown on the Statement of Net Position is as follows:

Cash on hand	\$ 1,200
Carrying amounts of deposits	340,502
Local Government Investment Pool	19,209,459
Total cash and cash equivalents	<u>\$ 19,551,161</u>
Funds:	
<u>Governmental Activities</u>	
General	\$ 4,040,305
Street Fund	568,218
Urban Renewal General	1,227,541
Urban Renewal Debt	21,487
Other Governmental Funds	2,473,742
Internal Service funds	711,511
Total Governmental Activities	<u>9,042,804</u>
<u>Business-Type Activities</u>	
Water	2,683,230
All Sewer Funds (\$359,816 restricted)	6,552,100
Other Enterprise Funds	1,273,027
Total Business-Type Activities	<u>10,508,357</u>
Total cash and cash equivalents	<u>\$ 19,551,161</u>

## B. Receivables

Receivables as of fiscal year end for the governmental activities individual major funds, and non-major funds in the aggregate are as follows:

	General	Street Maintenance Fund	URA General	URA Debt	Other Governmental Funds	Total Governmental Activities
Property taxes	\$ 465,713	\$ -	\$ -	\$ 83,452	\$ -	\$ 549,165
Accounts	448,406	56,332	-	-	-	504,738
Intergovernmental	51,812	117,656	-	-	80,410	249,878
Fines and assessments	474,543	-	-	-	50,795	525,338
Notes	-	-	695,974	-	-	695,974
	<u>1,440,474</u>	<u>173,988</u>	<u>695,974</u>	<u>83,452</u>	<u>131,205</u>	<u>2,525,093</u>
Less: Allowance for doubtful accounts	(360,538)	(2,057)	-	-	-	(362,595)
Total	<u>\$ 1,079,936</u>	<u>\$ 171,931</u>	<u>\$ 695,974</u>	<u>\$ 83,452</u>	<u>\$ 131,205</u>	<u>\$ 2,162,498</u>

Receivables as of June 30, 2017 for the business-type activities individual major funds are as follows:

	Water	All Sewer	Other Enterprise Funds	Total Business-Type Activities
Accounts	\$ 418,962	\$ 612,336	\$ 28,175	\$ 1,059,473
Intergovernmental	55,100	-	18,128	73,228
Less: Allowance for doubtful accounts	<u>(37,661)</u>	<u>(43,542)</u>	<u>(1,029)</u>	<u>(82,232)</u>
Total Business-type Activities	<u>\$ 436,401</u>	<u>\$ 568,794</u>	<u>\$ 45,274</u>	<u>\$ 1,050,469</u>

Uncollected property taxes in governmental funds are reported on the statement of net position as receivables. Property taxes are assessed and attach as an enforceable lien on property as of July 1. Taxes are levied on July 1 and are payable on November 15. They may be paid in installments due November 15, February 15, and May 15. Taxes unpaid as of May 16 are considered delinquent. Taxes are billed and collected by Union County, and remittance to the City is made at periodic intervals.

For the fiscal year 2016-2017, the City levied property taxes in the net amount of \$4,979,210 after reductions for offsets and increases for additional taxes and penalties. The tax rate for the fiscal year was \$7.4392, per \$1,000 of assessed value. The assessed valuation for the City as of January 1, 2017 was \$695,272,596. The La Grande Urban Renewal Agency, a blended component unit of the City, levied taxes at less than maximum taxing authority. After reductions for offsets and additional taxes and penalties, this resulted in a net levy of \$175,880.

The Urban Renewal Agency has a note receivable of \$150,000 related to the funding provided towards the purchase of Liberty Theatre. The loan accrues interest at 5.5% but principal and interest can be forgiven if development requirements are met within 7 years of the initial loan disbursement in August of 2011.

The Urban Renewal Agency extended a loan agreement to establish a new grocery store for a maximum of \$500,000. The first \$457,689 was disbursed during the 2016 fiscal year and an additional \$39,743 is being held as retainage on the project. The retainage and final draw of \$2,568 is expected to be paid in the next fiscal year. The loan accrues interest at 5% compound annually and is secured by real property. Loan principal and interest can be forgiven if the hours of operations and job creation/retention requirements are met over a maximum 10-year performance life.

The Urban Renewal Agency extended a loan agreement to Community Merchants for a maximum of \$32,235. The Urban Renewal Agency disbursed \$14,284 during the fiscal year of 2017 and the project is completed. The loan accrues interest at 5% compound annually. Payments for the first twelve months are interest only and starting with the 13<sup>th</sup> month included principal and interest based on a 15 year term. At the mid-point of the loan, (7.5 years), the remaining balance is eligible to be forgiven provided the criteria for loan forgiveness are met. The criteria for loan forgiveness includes: the company must remain in business at the time of forgiveness with a minimum of 1.5 full time equivalent employees who are employed for at

least 24 months prior to the forgiveness, along with a positive cash flow for the 12 months prior to the forgiveness as demonstrated on the company income taxes, and all payments and late fees are paid and current.

The Urban Renewal Agency extended a loan agreement to Thai Fresh for a maximum amount of \$27,967. The first \$13,757 was disbursed during the fiscal year, with the remaining amount of \$14,210 available if allowable once the project is complete. The loan accrues interest at 5% compound annually. Payments for the first twelve months are interest only and starting with the 13<sup>th</sup> month included principal and interest based on a 15 year term. At the mid-point of the loan, (7.5 years), the remaining balance is eligible to be forgiven provided the criteria for loan forgiveness are met. The criteria for loan forgiveness includes: the company must remain in business at the time of forgiveness with a minimum of 3.0 full time equivalent employees who are employed for at least 24 months prior to the forgiveness, along with a positive cash flow for the 12 months prior to the forgiveness as demonstrated on the company income taxes, and all payments and late fees are paid and current.

The Urban Renewal Agency extended a loan agreement to Bebe Cakes for a maximum amount of \$20,500, which was fully disbursed during the fiscal year. The loan accrues interest at 5% compound annually. Payments for the first twelve months are interest only and starting with the 13<sup>th</sup> month included principal and interest based on a 10 year term. At the mid-point of the loan, (5 years), the remaining balance is eligible to be forgiven provided the criteria for loan forgiveness are met. The criteria for loan forgiveness includes: the company must remain in business at the time of forgiveness with a minimum of 3.0 full time equivalent employees who are employed for at least 24 months prior to the forgiveness, along with a positive cash flow for the 12 months prior to the forgiveness as demonstrated on the company income taxes, and all payments and late fees are paid and current.

Assessment liens receivable represent the uncollected amounts levied against benefited property for costs of local improvements. Since the assessments are liens against the benefited property, an allowance for uncollectible amounts is not necessary, in most cases. The City issued assessments under reimbursement agreements and not all agreements have been signed or formally agreed upon.

An allowance for doubtful accounts has been established for ambulance receivables, fines, and utility receivables. Other accounts and intergovernmental receivables are considered fully collectible. Accordingly, no provision for estimated uncollectible accounts has been established.

### C. Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2017, was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletion/ Transfer</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:				
Land	\$ 879,768	\$ -	\$ -	\$ 879,768
Construction in progress	236,669	18,970	(236,669)	18,970
Infrastructure	42,177,336	2,146,768	-	44,324,104
Total capital assets, not being depreciated	43,293,773	2,165,738	(236,669)	45,222,842
Capital assets, being depreciated:				
Land Improvements	6,041,177	-	-	6,041,177
Buildings	11,764,554	-	(31,196)	11,733,358
Equipment	9,040,223	503,763	(58,717)	9,485,269
Total capital assets, being depreciated	26,845,954	503,763	(89,913)	27,259,804
Accumulated depreciation for:				
Land Improvements	(3,535,575)	(315,189)	-	(3,850,764)
Buildings	(4,043,584)	(273,132)	20,480	(4,296,236)
Equipment	(5,539,367)	(510,303)	52,097	(5,997,573)
Total accumulated depreciation	(13,118,526)	(1,098,624)	72,577	(14,144,573)
Total capital assets, being depreciated, net	13,727,428	(594,861)	(17,336)	13,115,231
Governmental activities capital assets, net	<u>\$ 57,021,201</u>	<u>\$ 1,570,877</u>	<u>\$ (254,005)</u>	<u>\$ 58,338,073</u>

Depreciation expense for governmental activities is charged to governmental functions as follows:

#### Governmental activities

General government	\$ 15,540
Police Department	97,036
Fire Department	199,532
Community Development	196,865
Public Services	397,006
Street & Road Maintenance	192,645
Total depreciation expense - governmental activities	<u>\$ 1,098,624</u>

Included in the Governmental Activities Street & Road Maintenance depreciation expense is depreciation expense reported for the Internal Service Funds – Motor Pool Fund of \$191,211.



Capital asset activity for the business-type activities for the year ended June 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletion/ Transfer</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 276,216	-	\$ -	\$ 276,216
Construction in progress	-	140,161	-	140,161
Total capital assets, not being depreciated	<u>276,216</u>	<u>140,161</u>	<u>-</u>	<u>416,377</u>
Capital assets, being depreciated:				
Buildings	117,675	-	(38,932)	78,743
Equipment	252,317	-	-	252,317
Water & Sewer System	<u>34,904,939</u>	<u>797,355</u>	<u>(25,472)</u>	<u>35,676,822</u>
Total capital assets, being depreciated	<u>35,274,931</u>	<u>797,355</u>	<u>(64,404)</u>	<u>36,007,882</u>
Less accumulated depreciation for:				
Buildings	(52,019)	(1,657)	20,754	(32,922)
Equipment	(221,997)	(6,513)	-	(228,510)
Water & Sewer System	<u>(16,152,127)</u>	<u>(1,026,815)</u>	<u>18,845</u>	<u>(17,160,097)</u>
Total accumulated depreciation	<u>(16,426,143)</u>	<u>(1,034,985)</u>	<u>39,599</u>	<u>(17,421,529)</u>
Total capital assets, being depreciated, net	<u>18,848,788</u>	<u>(237,630)</u>	<u>(24,805)</u>	<u>18,586,353</u>
Business-type activities capital assets, net	<u>\$ 19,125,004</u>	<u>\$ (97,469)</u>	<u>\$ (24,805)</u>	<u>\$ 19,002,730</u>

Depreciation expense for the business-type activities was charged to functions/programs of the City as follows:

Business-type activities

Water	\$ 377,671
All Sewer	602,933
Storm Sewer	52,184
Building Inspection	<u>2,197</u>
Total depreciation expense - business-type activities	<u>\$ 1,034,985</u>

## D. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category. Unavailable revenues from property taxes, accounts receivable, fines, assessments, and notes are reported in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that amount becomes available. The City also reports deferred amounts related to pensions. This amount is deferred and recognized as an inflow of resources in the period when the City recognizes pension income. Deferred inflows are included in the government-wide Statement of Net Position.

The governmental funds report unavailable revenues from the following sources:

	General	Street Maintenance Fund	Urban Renewal General	Urban Renewal Debt	Other Governmental Funds	Totals
Property taxes	\$ 447,123	\$ -	\$ -	\$ 81,169	\$ -	\$ 528,292
Accounts	84,518	18,849	-	-	-	103,367
Intergovernmental	-	117,656	-	-	-	117,656
Fines and assessments	121,609	-	-	-	50,795	172,404
Notes	-	-	695,974	-	-	695,974
	<u>\$ 653,250</u>	<u>\$ 136,505</u>	<u>\$ 695,974</u>	<u>\$ 81,169</u>	<u>\$ 50,795</u>	<u>\$ 1,617,693</u>

## E. Long-term obligations

### 1. Loans Payable – Governmental Activities

On June 8, 2006 the City entered into a loan contract with Oregon Economic Development. This loan was for the construction of the La Grande Business & Technology Park. The total loan contract was for \$2,058,286. Principal and interest at 3.52% annually was due in one lump-sum payment 30 months after the first draw. The first draw was received on September 12, 2007, resulting in a maturity date of March 12, 2010. The final draw of \$227,281 was received on February 26, 2008. A lump payment of \$1,000,000 was made on April 23, 2009 that consisted of \$905,793 of principal and \$94,207 of accrued interest. The remaining balance of \$1,152,493 was refinanced on May 27, 2009. The loan is due in annual installments beginning on December 1, 2009 for 25 years at variable interest rates ranging from 3% to 5.25%. Future maturities of the Oregon Economic Development loan are as follows:

Year Ended June 30,	Principal	Interest
2018	\$ 36,381	\$ 42,570
2019	36,636	41,114
2020	41,918	39,557
2021	42,229	37,671
2022	42,518	35,982
2023-2027	248,381	147,207
2028-2032	310,129	80,247
2033-2034	145,891	10,409
	<u>\$ 904,083</u>	<u>\$ 434,757</u>

## 2. Bonds Payable – Governmental Activities

On February 21, 2012 the City issued bonds under the Local Oregon Capital Asset Program sponsored by the League of Oregon Cities. These bonds were used for the funding of the “Big H” streetscape project. The total certificates of participation issued was \$1,035,000. Interest only payments were required until December 1, 2013, after which the loan is due in annual installments of principal and semi-annual installments of interest for 20 years. Interest is at a variable rate ranging from 1% to a maximum average interest rate of 3.5%.

In February 2016 the City issued bonds under the Local Oregon Capital Asset Program sponsored by the League of Oregon Cities. These bonds were used for the funding of the Adams Avenue Streetscape Project. The total certificates of participation issued was \$1,550,000. An interest only payment is due December 1, 2016, after which the loan is due in annual installments of principal and semi-annual installments of interest for 19 years. Interest is at a fixed rate for each maturity ranging from 2% to a maximum average interest rate of 3.5%.

Future maturities of the bonds payable are as follows:

Year Ended June 30,	Principal	Interest
2018	\$ 110,000	\$ 71,512
2019	115,000	69,525
2020	115,000	67,236
2121	115,000	64,790
2022	125,000	61,487
2023-2027	660,000	246,775
2028-2032	775,000	125,314
2033-2034	285,000	12,600
	<u>\$2,300,000</u>	<u>\$ 719,239</u>

## 3. Loans Payable – Business-Type Activities – Sewer Fund

The Sewer loan payable is due in semi-annual installments of \$177,162 for 20 years including interest at 3.83% and is secured by the Net Operating Revenue of the City.

Future maturities of the loan are as follows:

Year Ended June 30,	Principal	Interest
2018	\$ 290,348	\$ 63,976
2019	301,576	52,748
2020	313,236	41,088
2021	325,348	28,976
2022	337,929	16,395
2023	173,843	3,329
	<u>\$ 1,742,280</u>	<u>\$ 206,512</u>

#### 4. Changes in Long-Term Obligations

Long-term obligation activity for the year ended June 30, 2017, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
Oregon Economic Development	\$ 940,218	\$ -	\$ 36,135	\$ 904,083	\$ 36,381
Urban Renewal Bond	2,410,000	-	110,000	2,300,000	110,000
Plus: Deferred Premium	25,850	-	1,501	24,349	-
Net pension liability	1,744,766	2,731,691	-	4,476,457	-
Net OPEB Obligation	2,332,982	210,488	-	2,543,470	-
Governmental activity Long-term obligations	<u>\$ 7,453,816</u>	<u>\$ 2,942,179</u>	<u>\$ 147,636</u>	<u>\$ 10,248,359</u>	<u>\$ 146,381</u>
<b>Business - type activities</b>					
Sewer Loan Payable	\$ 2,021,819	\$ -	\$ 279,539	\$ 1,742,280	\$ 290,348
Net OPEB Obligation	822,203	73,373	-	895,576	-
Business-type activity Long-term obligations	<u>\$ 2,844,022</u>	<u>\$ 73,373</u>	<u>\$ 279,539</u>	<u>\$ 2,637,856</u>	<u>\$ 290,348</u>

## F. Fund Balance Classifications

Fund balances by classification for the year ended June 30, 2017 were as follows:

	General Fund	Street Maintenance Fund	Urban Renewal General	Urban Renewal Debt	Non-major Governmental Funds	Total Governmental Funds
<b>Fund Balance</b>						
<b>Nonspendable:</b>						
Prepaid Items	\$ 5,489	\$ -	\$ -	\$ -	\$ -	\$ 5,489
Inventory	-	-	-	-	46,566	46,566
<b>Restricted for:</b>						
911 Dispatch Services	-	-	-	-	472,797	472,797
System Development	-	-	-	-	172,700	172,700
Highways and Streets	-	375,969	-	-	497,620	873,589
Various Grants	-	-	-	-	50,965	50,965
Urban Renewal Projects	-	-	1,187,148	23,770	-	1,210,918
<b>Assigned to:</b>						
System Development - Governmental	-	-	-	-	1,049,427	1,049,427
Various Activities	20,000	-	-	-	191,052	211,052
<b>Unassigned</b>	4,046,353	-	-	-	-	4,046,353
<b>Total Fund Balance</b>	<u>\$4,071,842</u>	<u>\$ 375,969</u>	<u>\$ 1,187,148</u>	<u>\$ 23,770</u>	<u>\$ 2,481,127</u>	<u>\$ 8,139,856</u>

## G. Transfers

Net transfers between governmental activities and business-type activities in the government-wide financial statements consist of transfers into the business-type activities from the governmental activities for \$2,365,761.

A reconciliation of transfers in the fund financial statements is as follows:

	Transfers In	Transfers Out
<b>Governmental activities:</b>		
General	\$ -	\$ 110,736
Urban Renewal General	522,628	-
Urban Renewal Debt	-	522,628
Other Governmental	267,486	2,522,511
<b>Business-type activities:</b>		
Water	965,789	428,375
All Sewer	3,356,055	1,652,808
Other Enterprise	195,100	70,000
	<u>\$ 5,307,058</u>	<u>\$ 5,307,058</u>

As part of the budget preparation and adoption, the City anticipates making interfund transfers to move resources between funds to provide resources for specific expenditures that are not supported by other revenues. Other transfers are to provide resources to pay debt service and to provide funds for projects.

## **IV. Other Information**

### **A. Risk Management**

The City is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; and errors and omissions for which the City carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage for the past three years.

### **B. Defined Contribution Pension Plan**

The City of La Grande provides pension benefits for all of its full-time employees (as defined by labor contract) through a defined contribution plan (with the exception of police officers and firefighters). In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan assets are not insured. Employees are eligible to participate six months from the date of employment. Effective June 21, 2012, the City contributes 16% of management's salaries and 13% of all other salaries. Employees contribute 1% of their salaries to the retirement plan. The City's contributions for each employee are fully vested after five years of continuous service. The Principal Mutual Life Insurance company administers this plan. Contribution rates and plan amendments are approved by the City Council after negotiation with the applicable union groups. The total pension plan contributions for the fiscal year ended June 30, 2017 amounted to \$550,061. Of this amount, the employees paid \$35,553 and \$514,508 was paid by the City.

### **C. Defined Benefit Pension Plan – Public Employees Retirement System**

#### **Plan Description**

Police and fire employees of the City are provided with pensions through the Oregon Public Employees Retirement System (OPERS), a cost sharing, multiple employer defined benefit pension plan, the Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003, OPERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at <http://www.oregon.gov/pers/EMP/pages/Actuarial-Financial-Information.aspx>.

#### **Benefits Provided**

##### **1. Tier one/Tier Two Retirement Benefit ORS Chapter 238**

#### **Pension Benefits**

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

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

### **Death Benefits**

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

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

### **Disability Benefits**

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

### **Benefit Changes**

After Retirement, members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The COLA is capped at 2%.

## **2. OPSRP Pension Program (OPSRP DB)**

### **Pension Benefits**

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

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

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

### **Death Benefits**

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

### **Disability Benefits**

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

## **3. OPSRP Individual Account Program (OPSRP IAP)**

### **Pension Benefits**

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

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

### **Death Benefits**

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

### **Recordkeeping**

OPERS contracts with VOYA Financial to maintain IAP participant records.

## **Contributions**

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the



PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2013 actuarial valuation, which became effective July 1, 2015. Employer contributions for the year ended June 30, 2017 were \$373,737, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2017 were 15.65% for Tier One/Tier Two Police and Fire, 10.38% for OPSRP Pension Program Police and Fire Members, and 6% for the OPSRP Individual Account Program.

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

At June 30, 2017, the City reported a liability of \$4,476,457 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 rolled forward to June 30, 2016. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2016, the City's proportion was 0.02981855 percent, which decreased from its proportion of 0.03038888 percent as of June 30, 2015.

For the year ended June 30, 2017, the City's recognized pension expense (income) of \$800,808. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 148,101	\$ -
Changes of assumptions	954,721	-
Net difference between projected and actual earnings on investments	884,360	-
Changes in proportionate share.	25,556	30,703
Difference's between employer contributions and employer's proportionate share of system contributions	18,689	29,157
Total (prior to post-MD contributions)	2,031,427	59,860
Contributions subsequent to the MD	287,123	-
Net Deferred Outflow/(Inflow) of Resources	<u>\$ 2,318,550</u>	<u>\$ 59,860</u>

\$287,123 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$ 356,314
2019	356,314
2020	679,802
2021	509,178
2022	69,959
Total	<u>\$ 1,971,567</u>

## Actuarial assumptions

The employer contribution rates effective July 1, 2015, through June 30, 2017, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2014
Measurement Date	June 30, 2016
Experience Study Report	2014, published September 2015
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.5 percent (reduced from 2.75%)
Long-Term Expected Rate of Return	7.5 percent (reduced from 7.75 percent)
Discount Rate	7.5 percent (reduced from 7.75 percent)
Projected Salary Increases	3.5 percent overall payroll growth (reduced from 3.75%)
Cost of Living Adjustments	Blend 2.00% COLA and grade COLA (1.25%/0.15%) in accordance with moro decision, blend based on service
Mortality	Health retirees and beneficiaries: RP- 2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation.  Active Members: Mortality rates are a percentage of healthy retireee rates, that vary by group, as described in the valuation.  Disabled retirees: Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality rates.

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

## Long-term expected rate of return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class/Strategy	OIC Assumed Asset Allocation		
	Low Range	High Range	Target
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Private Equity	13.5%	21.5%	17.5%
Real Estate	9.5%	15.5%	12.5%
Alternative Equity	0.0%	12.5%	12.5%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			100.0%

Asset Class	Target Allocation	Annual Return (Geometric)
Core Fixed Income	8.00%	4.00%
Short-Term Bonds	8.00%	3.61%
Bank/Leveraged Loans	3.00%	5.42%
High Yield Bonds	1.00%	6.20%
large/Mid Cap US Equities	15.75%	6.70%
Small Cap US Equities	1.31%	6.99%
Micro CAP US Equities	1.31%	7.01%
Developed Foreign Equities	13.13%	6.73%
Emerging Market Equities	4.12%	7.25%
Non-US Small Cap Equities	1.88%	7.22%
Private Equity	17.50%	7.97%
Real Estate (Property)	10.00%	5.84%
Real Estate (REITS)	2.50%	6.69%
Hedge Funds of Funds - Diversified	2.50%	4.64%
Hedge Funds - Events-driven	0.63%	6.72%
Timber	1.87%	5.85%
Farmland	1.87%	6.37%
Infrastructure	3.75%	7.13%
Commodities	1.88%	4.58%
Total	100.00%	

Assumed Inflation - Mean

2.50%

## **Depletion Date Projection**

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

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

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

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

## **Discount rate**

The discount rate used to measure the total pension liability was 7.5 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the CITY's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the CITY's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	<u>1% Decrease (6.5%)</u>	<u>Discount Rate (7.5%)</u>	<u>1% (Increase (8.5%))</u>
City's proportionate share of the net pension liability (asset)	\$ 7,227,985	\$ 4,476,457	\$ 2,176,660

### **Pension plan fiduciary net position**

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

### **Payables to the Pension Plan**

The City reports payables in the amount of \$40,398 to the pension plan.

### **Changes in Plan Provisions Subsequent to Measurement Date**

The PERS Board adopted assumption changes that were used to measure the June 30, 2016 total pension liability. The changes include the lowering of the long-term expected rate of return to 7.5 percent and lowering the assumed inflation to 2.5 percent. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale to all groups, and assumptions for merit increases, unused sick leave, and vacation pay were updated.

This change in benefit terms was reflected in the current valuation.

### **Changes in Plan Provisions Subsequent to Measurement Date**

As its July 28, 2017 meeting, the PERS board lowered the assumed earnings rate to 7.2 percent. For member transaction, this rate will take effect January 1, 2018. The current assumed earnings rate is 7.5 percent and has been in effect for member transactions since January, 2016.

## **D. Other post-employment benefits**

### City of La Grande Retiree Health Plan

#### **Explicit Employer Benefits**

Eligibility. Retirees meeting the following criteria are eligible:

- Retired from active service with at least 20 years of continuous service.
- Hired prior to the following dates:
  - Firefighters – July 1, 2001
    - Continuous service of 20 years, age 50, receives 3 years of medical coverage.
    - Continuous service of 25 years, age 55, receives 5 years of medical coverage.
  - Management – July 1, 2005
    - Continuous service of 20 years, receives 3 years of medical coverage.
    - Continuous service of 25 years, receives 5 years of medical coverage.
  - General Employees – July 1, 2002
    - Continuous service of 20 years, receives 3 years of medical coverage.
    - Continuous service of 25 years, receives 5 years of medical coverage.

- Police – July 1, 2002
  - Continuous service of 20 years, age 50, receives 3 years of medical coverage.
  - Continuous service of 25 years, age 55, receives 5 years of medical coverage.
- Continuing coverage under the Employer's benefit programs through CIS

Plan Description. Retirees under age 65 and their spouses are eligible to receive the same medical and dental coverage as active employees. The City pays 90% of the retiree and spouse medical and dental premiums. The co-pays and deductibles under the medical and dental coverage are the responsibility of the retiree. A surviving spouse of a deceased retiree may continue coverage until age 65 if the retired member had at least 30 years of continuous service. Coverage ends when the spouse is eligible for another employer-paid health plan, a new spouse's employer-paid health plan, or Medicare. All coverage ends when the retiree turns 65.

Summary of Significant Accounting Policies. The plan is accounted for in the General Fund, which is reported on the modified accrual basis of accounting. The City's contributions are recognized when due and a formal agreement to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Plan investments are a part of the City's investment pool, reported at fair value. Because the City has not transferred the assets to an insurance trust, the actuarial value of assets is zero.

### **Implicit Employer Subsidy**

Eligibility. All employees of the City retiring from active service with a pension benefit payable under Oregon PERS or another employer-sponsored retirement plan. The City's defined contribution retirement plan allows retirement at age 55 with 5 years of service.

Plan Description. Oregon Revised Statutes 243.303 requires that the City provide retirees with group healthcare insurance from the date of retirement to age 65, at the same rate provided to current employees. Providing the same rate to retirees as provided to current employees constitutes an implicit rate subsidy for OPEB purposes.

### **Annual OPEB Cost and Net OPEB Obligation**

Funding Policy. The City collects insurance premiums from all retirees each month. The City then pays healthcare insurance premiums for all retirees at the appropriate blended rate for each family classification. The City had 11 retired members and 103 active members in its plan on July 1, 2016, the date of its most recent actuarial valuation. The annual required contribution (ARC) to the plan includes the employer's pay-as-you-go amount and an additional amount calculated to prefund future benefits as actuarially determined.

The City has elected to not prefund the actuarially determined annual required contribution (ARC). The City funds the benefits on a pay-as-you-go basis, with those payments totaling approximately \$94,809 for the year ended June 30, 2017. Since the total annual contribution in the current year was less than the ARC, a liability is presented on the City's Statement of Net Position.

The City's annual other post-employment benefit cost is calculated based on the ARC of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (UAAL) over a period of not more than 30 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 OPEB obligation to the plan.

Annual required contribution	\$ 716,811
Interest on prior net OPEB obligation	110,431
Adjustment to annual required contribution	<u>(379,383)</u>
Annual OPEB cost (expense)	447,859
Explicit benefit payments	(94,809)
Implicit benefit payments	<u>(69,188)</u>
Increase in net OPEB obligation	283,862
Net OPEB obligation - beginning of year	<u>3,155,184</u>
Net OPEB obligation - end of year	<u><u>\$ 3,439,046</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017, 2016, and 2014 was as follows:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Cumulative Net OPEB Obligation</b>
6/30/15	\$ 678,982	28%	\$ 2,730,235
6/30/16	584,287	27%	3,155,184
6/30/17	447,859	36%	3,439,046

Funded Status and Funding Progress. As of July 1, 2016, the most recent actuarial valuation date, the plan was considered unfunded. The actuarial accrued liability for benefits was \$4,680,450, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,680,450.

The actuarial valuation of this plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to periodic revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress shown below presents information about the actuarial value of plan assets and the actuarial accrued liabilities for benefits.

Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (AAL) (b)	(Overfunded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Percentage of Covered Payroll (b-a/c)
08/01/12	\$ -	\$ 4,753,907	\$ 4,753,907	0%	\$ 5,800,812	82%
08/01/14	-	4,796,079	4,796,079	0%	5,646,459	85%
7/1/2016	-	4,680,450	4,680,450	0%	5,712,083	82%

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial results consistent with the long-term perspective of the calculations.

Assumptions used in calculating the actuarial liabilities associated with the City's plan include a general inflation rate of 2.5%, a 3.5% investment return and discount rate; annual salary increase of 3.5%; and retirement rates used by Oregon PERS for its December 31, 2015 actuarial valuation. Health care cost trends assume an increase in health costs of 7% in the first year. In future years the medical and vision cost trend varies between 7.5% and 5% due to the timing of the excise tax scheduled to affect health care benefits beginning in 2020. The trend then settles to an ultimate rate of 5%. Dental costs are assumed to increase 4.5% in all future years. The Entry Age Normal Cost Method was used to determine the Normal Cost and Actuarial Accrued Liability. Amortization of the UAAL is calculated as a level dollar amount over an open period of 10 years. "Open" means the amortization amount is recalculated at each valuation date using the current UAAL.

Retirement age for active employees was estimated based on PERS retirement rates. The marital status of members at the calculation date was assumed to continue through retirement. Non-group-specific age-based turnover data from GASB 45 were used as the basis for assigning a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

GASB has issued new statements related to OPEB plans that will have an effect on the assumptions, method of calculation, and reporting for OPEB liabilities. The requirements that effect the calculations at the plan level will be effective for fiscal years beginning after June 15, 2017 and the requirements that effect reporting at the City's level will be effective for fiscal years beginning after June 15, 2017. The effect has not yet been determined, but the OPEB liability reported will increase upon implementation of the new statements.

#### Oregon Public Employees Retirement System – Retirement Health Insurance Account (RHIA)

Plan Description. As a member of Oregon Public Employees Retirement System (OPERS) the City contributes to the Retirement Health Insurance Account (RHIA) for each of its



eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution (currently \$60 per month) toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700.

**Funding Policy.** Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating public employers are contractually required to contribute to RHIA at a rate assessed each year by OPERS, currently 0.53% of annual covered payroll for Tier 1 and Tier 2 employees and 0.45% for OPSRP employees. The OPERS Board of Trustees sets the employer contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The City's contributions to RHIA the year ended June 30, 2017 are included in the PERS annual pension amount.

## **E. Commitments and Contingencies**

Amounts received or receivable from grant agencies are subject to audit and adjustments by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

On March 10, 2017, the La Grande Urban Renewal Agency accepted an offer \$200,000 for the sale of the 1106 Adams Avenue property. The closing of the sale has been extended to the end of December, 2017.

The Agency committed funding of \$333,550 to plan projects, \$442,311 to targeted partnership projects and \$262,174 to the Adams Avenue project for the 2018 fiscal year along with the annual budget process.

The City has construction in progress for the Beaver Creek Dam project which totaled to \$140,161 at year end. The total project budget is \$1,254,600 and is estimated at 11% complete.

#### **F. Related Party Transactions**

The Urban Renewal Agency paid the City of La Grande \$52,079 for administration and overhead and \$249,763 to reimburse costs reported in the economic development department during the year.

#### **G. Tax Abatements**

The GASB issued Statement No. 77, Tax Abatement Disclosures, in August, 2015. GASB 77 requires governments that enter into tax abatement agreements to disclose information about those agreements. GASB Statement No. 77 is effective for the City for fiscal year ending June 30, 2017. The City has no tax abatements that affect them directly at June 30, 2017. Tax abatements that affect the City indirectly are as follows:

<u>Exemption Program</u>	<u>Project</u>	<u>Tax Abatement Amount</u>
Union County - Enterprise Zone	Outdoors RV/Northwood R.E. (2nd line)	\$ 17,938
Union County - Enterprise Zone	Outdoors RV/Northwood R.E. (lamination bldg)	6,303
Union County - Enterprise Zone	Calico Ligh Weapons Systems	856
		<u>\$ 25,097</u>

#### **H. Subsequent Events**

City Manager Strope was authorized to issue a Notice of Intent and begin the formal process of establishing a Quiet Zone in La Grande relating to train horns. In order to achieve a train horn quiet zone under Public Law 103-440 Title 49, US code, there are steps that need to be taken and City staff will draft the detailed application, secure written agreements with property owners, and begin a public outreach program to educate the community of a quiet zone. The costs associated amount to approximately \$212,977 and the City may or may not be liable for any incidents related to train accidents if the horns are not used.

## **REQUIRED SUPPLEMENTARY INFORMATION**

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**RSI Disclosures for The City's Street System Based on a Condition Index  
City of La Grande  
June 30, 2017**

**Pavement Condition Index of the City of La Grande Street System**

	2017	2016	2015
Gravel	100	100	100
Oil Mat	73	73	73
Concrete	84	99	99
Major Asphalt	85	85	84
Minor Asphalt	73	73	73

**Comparison of Needed-to-actual Maintenance/Preservation**

	2017	2016	2015	2014	2013
<b>Gravel</b>					
Needed	-	-	-	-	-
Actual	-	-	-	-	-
<b>Oil Mat</b>					
Needed	-	-	564,582	140,000	183,400
Actual	-	-	564,582	140,000	183,400
<b>Concrete</b>					
Needed	-	-	-	-	-
Actual	-	-	-	-	-
<b>Major Asphalt</b>					
Needed	2,020,841	-	23,600	239,472	145,106
Actual	2,020,841	-	23,600	239,472	145,106
<b>Minor Asphalt</b>					
Needed	172,309	74,402	159,411	272,170	132,495
Actual	172,309	74,402	159,411	272,170	132,495

The condition of road pavement is measured using a pavement management system. All of the streets maintained by the City are asphalt-surfaced. The pavement management system uses a measurement scale that is based on a Pavement condition Index (PCI) ranging from zero for a failed pavement to 100 for pavement in perfect condition. The City's policy is to maintain an average PCI of at least 50 for Oil Mat, 60 for Minor Asphalt, and 70 for Gravel, Concrete, and Major Asphalt. Complete condition assessments are determined every three years.

**CITY OF LA GRANDE, OREGON**

**SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF NET PENSION  
LIABILITY (ASSET)  
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM  
Last 10 Fiscal Years\***

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
City's proportion of the net pension liability (asset)	0.03038888%	0.02846254%	0.02846254%	0.02846254%
City's proportionate share of the net pension liability (asset)	\$ 4,476,457	\$ 1,744,766	\$ (645,165)	\$ 1,452,485
City's covered-employee payroll	\$ 2,230,006	\$ 2,173,137	\$ 2,188,468	\$ 2,071,251
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	78.24%	-29.69%	66.37%	70.13%
Plan fiduciary net position as a percentage of the total pension liability	80.50%	91.10%	103.60%	91.97%

**CITY OF LA GRANDE, OREGON**

**SCHEDULE OF CITY'S CONTRIBUTIONS TO THE  
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM  
Last 10 Fiscal Years\***

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 373,737	\$ 373,147	\$ 371,348	\$ 383,769
Contributions in relation to the contractually required contributions	<u>(373,737)</u>	<u>(373,147)</u>	<u>(371,348)</u>	<u>(383,769)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 2,269,652	\$ 2,230,006	\$ 2,173,137	\$ 2,188,468
Contributions as a percentage of covered-employee payroll	16.47%	16.73%	17.09%	17.54%

\* The amounts presented for each fiscal year were determined as of June 30. Additional years will be added to the schedule as information becomes available.

**CITY OF LA GRANDE, OREGON**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2017**

**Changes in Benefit Terms**

The Oregon Supreme Court in *Moro v. State of Oregon*, issued April 30, 2015, reversed a significant portion of the reductions that 2013 Oregon Legislature made to future System Cost of Living Adjustments (COLA) through Senate bills 862 and 861. The reversal increased the total pension liability as of June 30, 2015 compared to June 30, 2014 total pension liability.

**Changes of assumptions**

The PERS Board adopted assumption changes that were used to measure the June 30, 2016 pension liability. The changes included lowering of the long-term expected rate of return to 7.50 percent and lowering of the assumed inflation of 2.50 percent. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions for merit increases. Unused sick leave, and vacation pay were updated.

## **SUPPLEMENTAL INFORMATION**

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## COMBINING STATEMENTS

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### Non-Major Governmental Funds

**Special Revenue Funds-** These funds account for revenue from specific sources that are legally restricted to expenditures for specified purposes. Funds included in this category are:

- *Street & Road* - accounts for activity within the City's street infrastructure.
- *Grants & Donations* – accounts for the monies received through grants and donations.
- *911 Emergency* – accounts for funds generated through dispatch calls and expenses related to them.

**Capital Project Funds-** These funds account for expenditures on major construction projects or equipment acquisition. The principal sources of revenues are proceeds from long-term obligations issued to finance capital acquisitions, improvements and development charges. Funds included in this category are:

- *Capital Equipment and Improvement Fund* – accounts for capital construction projects of the City funded primarily by grant revenues.
- *General Building/Equipment Reserve* – accounts for funds related to general building and equipment repair and purchasing.

**CITY OF LA GRANDE, OREGON**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**June 30, 2017**

	Special Revenue			Capital Projects		
	Street & Road	Grants & Donations	911 Emergency	Capital Equipment & Improvement Fund	General Building/Equipment Reserve	Totals
<b>ASSETS</b>						
Cash and cash equivalents	\$ 492,232	\$ 258,729	\$ 481,306	\$ 412,305	\$ 829,170	\$ 2,473,742
Receivables:						
Accounts	67,910	12,500	-	-	-	80,410
Assessments	-	-	-	50,795	-	50,795
Inventory	46,566	-	-	-	-	46,566
 Total assets	<u>\$ 606,708</u>	<u>\$ 271,229</u>	<u>\$ 481,306</u>	<u>\$ 463,100</u>	<u>\$ 829,170</u>	<u>\$ 2,651,513</u>
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	\$ 62,522	\$ 15,937	\$ 8,509	\$ 250	\$ 19,098	\$ 106,316
Deposits	-	13,275	-	-	-	13,275
Advances from other funds	-	-	-	-	-	-
 Total liabilities	<u>62,522</u>	<u>29,212</u>	<u>8,509</u>	<u>250</u>	<u>19,098</u>	<u>119,591</u>
<b>DEFERRED INFLOWS OF</b>						
Unavailable revenue	-	-	-	50,795	-	50,795
<b>FUND BALANCES</b>						
Nonspendable	46,566	-	-	-	-	46,566
Restricted	497,620	50,965	472,797	-	172,700	1,194,082
Assigned	-	191,052	-	412,055	637,372	1,240,479
 Total fund balances	<u>544,186</u>	<u>242,017</u>	<u>472,797</u>	<u>412,055</u>	<u>810,072</u>	<u>2,481,127</u>
 Total liabilities, deferred inflows of resources and fund balances	<u>\$ 606,708</u>	<u>\$ 271,229</u>	<u>\$ 481,306</u>	<u>\$ 463,100</u>	<u>\$ 829,170</u>	<u>\$ 2,651,513</u>

See auditor's report.

**CITY OF LA GRANDE, OREGON**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2017**

	Special Revenue Funds			Capital Projects		
	Street & Road	Grants & Donations	911 Emergency	Capital Building & Improvement Fund	General Building/ Equipment Reserve	Totals
<b>REVENUES</b>						
Assesments	\$ -	\$ -	\$ -	\$ 11,943	\$ -	\$ 11,943
Charges for services	-	18,311	-	-	-	18,311
Intergovernmental	788,864	64,779	320,000	-	-	1,173,643
Contributions	-	6,763	-	-	-	6,763
Interest on investments	4,796	2,751	3,739	14,410	8,810	34,506
Miscellaneous	9,498	10,003	112	-	23,883	43,496
<b>TOTAL REVENUES</b>	<u>803,158</u>	<u>102,607</u>	<u>323,851</u>	<u>26,353</u>	<u>32,693</u>	<u>1,288,662</u>
<b>EXPENDITURES</b>						
Current:						
Police department	-	8,600	361,158	-	-	369,758
Fire & EMS department	-	19,617	-	-	-	19,617
Public services	-	55,086	-	-	-	55,086
Highways and streets	897,336	-	-	-	-	897,336
Capital outlay	-	3,244	-	89,977	32,516	125,737
<b>TOTAL EXPENDITURES</b>	<u>897,336</u>	<u>86,547</u>	<u>361,158</u>	<u>89,977</u>	<u>32,516</u>	<u>1,467,534</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(94,178)</u>	<u>16,060</u>	<u>(37,307)</u>	<u>(63,624)</u>	<u>177</u>	<u>(178,872)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	156,750	-	-	-	110,736	267,486
Transfers out	-	-	-	(2,507,411)	(15,100)	(2,522,511)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>156,750</u>	<u>-</u>	<u>-</u>	<u>(2,507,411)</u>	<u>95,636</u>	<u>(2,255,025)</u>
<b>NET CHANGE IN FUND BALANCE</b>	62,572	16,060	(37,307)	(2,571,035)	95,813	(2,433,897)
<b>FUND BALANCE, Beginning</b>	<u>481,614</u>	<u>225,957</u>	<u>510,104</u>	<u>2,983,090</u>	<u>714,259</u>	<u>4,915,024</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 544,186</u>	<u>\$ 242,017</u>	<u>\$ 472,797</u>	<u>\$ 412,055</u>	<u>\$ 810,072</u>	<u>\$2,481,127</u>

See auditor's report.



## COMBINING STATEMENTS

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### Non-Major Enterprise Funds

**Enterprise Funds** – Enterprise Funds are used to report activities for which a fee is charged to external users for goods and services and to account for the acquisition, operation, and maintenance of facilities. These funds are entirely or predominately self-supported through user charges to the customer. Funds included in this category are:

- *Building inspection* - accounts for the City's building inspection charges and operating expenses..
- *Storm Utility* – accounts for the City's storm utility charges and operating expenses.

**CITY OF LA GRANDE, OREGON**  
**COMBINING STATEMENT OF NET POSITION**  
**NON-MAJOR ENTERPRISE FUNDS**  
**June 30, 2017**

	Building Inspection	Storm Utility	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 924,300	\$ 348,727	\$ 1,273,027
Receivables:			
Accounts	<u>-</u>	<u>45,274</u>	<u>45,274</u>
Total current assets	<u>924,300</u>	<u>394,001</u>	<u>1,318,301</u>
Noncurrent assets:			
Capital assets:			
Depreciable assets, net of depreciation	<u>7,511</u>	<u>1,089,781</u>	<u>1,097,292</u>
Total noncurrent assets	<u>7,511</u>	<u>1,089,781</u>	<u>1,097,292</u>
Total assets	<u>931,811</u>	<u>1,483,782</u>	<u>2,415,593</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	22,314	2,648	24,962
Compensated absences payable	<u>11,558</u>	<u>-</u>	<u>11,558</u>
Total current liabilities	<u>33,872</u>	<u>2,648</u>	<u>36,520</u>
Long-term obligations, net of current portion:			
Other postemployment benefits	<u>102,344</u>	<u>-</u>	<u>102,344</u>
Total non-current liabilities	<u>102,344</u>	<u>-</u>	<u>102,344</u>
Total liabilities	<u>136,216</u>	<u>2,648</u>	<u>138,864</u>
<b>DEFERRED INFLOW OF RESOURCES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>			
Net investment in capital assets	7,511	1,089,781	1,097,292
Restricted for system development	-	53,916	53,916
Unrestricted	<u>788,084</u>	<u>337,437</u>	<u>1,125,521</u>
Total net position	<u>\$ 795,595</u>	<u>\$ 1,481,134</u>	<u>\$ 2,276,729</u>

**CITY OF LA GRANDE, OREGON**  
**COMBINING STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN NET POSITION**  
**NON-MAJOR ENTERPRISE FUNDS**  
**For the Fiscal Year Ended June 30, 2017**

	Building Inspection	Storm Utility	Total
<b>OPERATING REVENUES</b>			
Charges for services	\$ -	\$ 209,967	\$ 209,967
Licenses and fees	528,043	-	528,043
Miscellaneous	<u>129</u>	<u>18,129</u>	<u>18,258</u>
<b>TOTAL OPERATING REVENUES</b>	<u>528,172</u>	<u>228,096</u>	<u>756,268</u>
<b>OPERATING EXPENSES</b>			
Personal services	268,858	-	268,858
Materials and services	265,140	273,473	538,613
Depreciation	<u>2,197</u>	<u>52,184</u>	<u>54,381</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>536,195</u>	<u>325,657</u>	<u>861,852</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(8,023)</u>	<u>(97,561)</u>	<u>(105,584)</u>
<b>NON-OPERATING INCOME (EXPENSES)</b>			
Interest on investments	<u>10,382</u>	<u>3,993</u>	<u>14,375</u>
<b>TOTAL NON-OPERATING INCOME (EXPENSES)</b>	<u>10,382</u>	<u>3,993</u>	<u>14,375</u>
<b>NET INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS</b>	<u>2,359</u>	<u>(93,568)</u>	<u>(91,209)</u>
<b>TRANSFERS</b>			
Transfers In	35,100	160,000	195,100
Transfers out	<u>(20,000)</u>	<u>(50,000)</u>	<u>(70,000)</u>
<b>TOTAL TRANSFERS AND CAPITAL CONTRIBUTIONS</b>	<u>15,100</u>	<u>110,000</u>	<u>125,100</u>
<b>CHANGE IN NET POSITION</b>	17,459	16,432	33,891
<b>NET POSITION, Beginning</b>	<u>778,136</u>	<u>1,464,702</u>	<u>2,242,838</u>
<b>NET POSITION, Ending</b>	<u><u>\$ 795,595</u></u>	<u><u>\$ 1,481,134</u></u>	<u><u>\$ 2,276,729</u></u>

**CITY OF LA GRANDE, OREGON**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NON-MAJOR ENTERPRISE FUNDS**  
**For the Fiscal Year Ended June 30, 2017**

	Building Inspection	Storm Utility	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 528,172	\$ 209,861	\$ 738,033
Payments to suppliers	(278,267)	(50,209)	(328,476)
Payments to employees	(176,630)	-	(176,630)
Payments for interfund services used	(78,125)	(233,331)	(311,456)
Net cash provided from (used by) operating activities	(4,850)	(73,679)	(78,529)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers in	35,100	160,000	195,100
Transfers out	(20,000)	(50,000)	(70,000)
Net cash provided from (used by) non-capital financing activities	15,100	110,000	125,100
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of capital assets	-	(74,250)	(74,250)
Net cash provided from (used by) capital and related financing activities	-	(74,250)	(74,250)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investments	10,382	3,993	14,375
Net cash provided (used) by investing activities	10,382	3,993	14,375
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	20,632	(33,936)	(13,304)
<b>CASH AND CASH EQUIVALENTS, Beginning</b>	903,668	382,663	1,286,331
<b>CASH AND CASH EQUIVALENTS, Ending</b>	<u>\$ 924,300</u>	<u>\$ 348,727</u>	<u>\$ 1,273,027</u>
<b>Reconciliation of operating income (loss) to net cash provided from (used by) operating activities</b>			
Operating income (loss)	\$ (8,023)	\$ (97,561)	\$ (105,584)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	2,197	52,184	54,381
(Increase) decrease in assets:			
Receivables	-	(18,235)	(18,235)
Increase (decrease) in liabilities:			
Accounts payable and accrued expenses	(11,278)	(10,067)	(21,345)
Compensated absences payable	3,134	-	3,134
Other postemployment benefits	9,120	-	9,120
Net cash provided from (used by) operating activities	<u>\$ (4,850)</u>	<u>\$ (73,679)</u>	<u>\$ (78,529)</u>

See auditor's report.



## COMBINING STATEMENTS

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### Internal Service Funds

**Internal Service Funds-** These funds account for the financing services provided by one department to other departments of the City on a cost reimbursement basis. The following is a description of the City's Internal Service Funds:

- *Motor Pool* - accounts for repairs and maintenance services and fuel provided exclusively to other funds and departments of the City.
- *Public Works Service*— provides for repair services provided exclusively to other funds and departments of the City.

**CITY OF LA GRANDE, OREGON**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**June 30, 2017**

	Motor Pool	Public Works Service	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 529,540	\$ 181,971	\$ 711,511
Receivables:			
Prepaid items	-	37,891	37,891
Inventories	<u>4,480</u>	<u>-</u>	<u>4,480</u>
Total current assets	<u>534,020</u>	<u>219,862</u>	<u>753,882</u>
Noncurrent assets:			
Capital assets:			
Depreciable assets, net of depreciation	<u>1,417,222</u>	<u>-</u>	<u>1,417,222</u>
Total noncurrent assets	<u>1,417,222</u>	<u>-</u>	<u>1,417,222</u>
Total assets	<u>1,951,242</u>	<u>219,862</u>	<u>2,171,104</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	7,622	66,805	74,427
Compensated absences payable	<u>-</u>	<u>192,909</u>	<u>192,909</u>
Total current liabilities	<u>7,622</u>	<u>259,714</u>	<u>267,336</u>
<b>DEFERRED INFLOW OF RESOURCES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,417,222	-	1,417,222
Unrestricted	<u>526,398</u>	<u>(39,852)</u>	<u>486,546</u>
Total net position	<u>\$ 1,943,620</u>	<u>\$ (39,852)</u>	<u>\$ 1,903,768</u>

See auditor's report.

**CITY OF LA GRANDE, OREGON**  
**COMBINING STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**For the Fiscal Year Ended June 30, 2017**

	Motor Pool	Public Works Service	Totals
<b>OPERATING REVENUES</b>			
Charges for services	\$ 524,500	\$ 2,454,576	\$ 2,979,076
Miscellaneous	339	-	339
<b>TOTAL OPERATING REVENUES</b>	<u>524,839</u>	<u>2,454,576</u>	<u>2,979,415</u>
<b>OPERATING EXPENSES</b>			
Personal services	151,075	2,482,031	2,633,106
Materials and services	224,179	-	224,179
Depreciation	191,211	-	191,211
<b>TOTAL OPERATING EXPENSES</b>	<u>566,465</u>	<u>2,482,031</u>	<u>3,048,496</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(41,626)</u>	<u>(27,455)</u>	<u>(69,081)</u>
<b>NON-OPERATING INCOME (EXPENSES)</b>			
Gain (loss) on disposal of capital assets	(6,620)	-	(6,620)
Interest on investments	7,282	-	7,282
<b>TOTAL NON-OPERATING INCOME (EXPENSES)</b>	<u>662</u>	<u>-</u>	<u>662</u>
<b>NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<u>(40,964)</u>	<u>(27,455)</u>	<u>(68,419)</u>
<b>CHANGE IN NET POSITION</b>	(40,964)	(27,455)	(68,419)
<b>NET POSITION, Beginning</b>	<u>1,984,584</u>	<u>(12,397)</u>	<u>1,972,187</u>
<b>NET POSITION, Ending</b>	<u><u>\$ 1,943,620</u></u>	<u><u>\$ (39,852)</u></u>	<u><u>\$ 1,903,768</u></u>

See auditor's report.

**CITY OF LA GRANDE, OREGON**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**For the Fiscal Year Ended June 30, 2017**

	Motor Pool	Public Works Service	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 339	\$ -	\$ 339
Receipts from interfund services provided	524,500	2,454,576	2,979,076
Payments to suppliers	(222,455)	(859,222)	(1,081,677)
Payments to employees	-	(1,595,985)	(1,595,985)
Payments for interfund services used	<u>(151,075)</u>	<u>-</u>	<u>(151,075)</u>
Net cash provided from (used by) operating activities	<u>151,309</u>	<u>(631)</u>	<u>150,678</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of capital assets	<u>(305,417)</u>	<u>-</u>	<u>(305,417)</u>
Net cash provided from (used by) capital and related financing activities	<u>(305,417)</u>	<u>-</u>	<u>(305,417)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investments	<u>7,282</u>	<u>-</u>	<u>7,282</u>
Net cash provided (used by) investing activities	<u>7,282</u>	<u>-</u>	<u>7,282</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(146,826)	(631)	(147,457)
<b>CASH AND CASH EQUIVALENTS, Beginning</b>	<u>676,366</u>	<u>182,602</u>	<u>858,968</u>
<b>CASH AND CASH EQUIVALENTS, Ending</b>	<u><u>\$ 529,540</u></u>	<u><u>\$ 181,971</u></u>	<u><u>\$ 711,511</u></u>
<b>Reconciliation of operating income (loss) to net cash provided from (used by) operating activities</b>			
Operating income (loss)	\$ (41,626)	\$ (27,455)	\$ (69,081)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	191,211	-	191,211
(Increase) decrease in assets:			
Inventories	23	-	23
Increase (decrease) in liabilities:			
Accounts payable and accrued expenses	1,701	(6,274)	(4,573)
Compensated absences payable	<u>-</u>	<u>33,098</u>	<u>33,098</u>
Net cash provided from (used by) operating activities	<u><u>\$ 151,309</u></u>	<u><u>\$ (631)</u></u>	<u><u>\$ 150,678</u></u>

See auditor's report.

## **BUDGETARY COMPARISON SCHEDULES**

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Pursuant to the provisions of Oregon Revised Statute 297.465, Oregon Administrative Rule #162-010-0130, *Minimum Standards for Audits of Oregon Municipal Corporations*, requires an individual schedule of revenues, expenditures/expenses, and changes in fund balances/net assets, budget and actual be displayed for each fund where legally adopted budgets are required.

In accordance with GASB Statement #34, the City's General Fund and any major special revenue fund (Street Maintenance Fund and Urban Renewal General Fund) are presented as the third of the basic governmental fund financial statements. All other budgetary comparisons are displayed in the following pages as supplemental information.



**SCHEDULE OF EXPENDITURES AND TRANSFERS  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS), BY DEPARTMENT**

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**▪ General Fund**

**CITY OF LA GRANDE, OREGON**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET AND ACTUAL, BY DEPARTMENT (NON-GAAP BUDGETARY BASIS)**  
**GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
<b>EXPENDITURES</b>				
Council and Manager	\$ 959,560	\$ 1,019,560	\$ 947,903	\$ 71,657
Finance and Municipal Court	548,023	548,023	531,744	16,279
Police Department	3,139,489	3,139,489	2,876,769	262,720
Fire and EMS Departments	2,391,600	2,391,600	2,178,332	213,268
Community and Economic Development/ Building Maintenance	634,828	634,828	540,835	93,993
Parks Maintenance, Aquatics, Recreation, Urban Forestry	1,065,081	1,065,081	998,475	66,606
Library	543,936	543,936	516,531	27,405
Contingency	300,000	240,000	-	240,000
<b>TOTAL EXPENDITURES</b>	<u>\$ 9,582,517</u>	<u>\$ 9,582,517</u>	<u>\$ 8,590,589</u>	<u>\$ 991,928</u>

See auditor's report.



**SCHEDULES OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL**

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**Governmental Funds**

**Special Revenue Funds**

- Street & Road
- Grants & Donations
- 911 Emergency

**Capital Project Funds**

- Capital Equipment & Improvement
- General Building/Equipment Reserve

**Debt Service Funds**

- Urban Renewal Debt

**CITY OF LA GRANDE, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**STREET & ROAD FUND**  
**For the Fiscal Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
<b>REVENUES</b>				
Intergovernmental revenue	\$ 725,000	\$ 725,000	\$ 788,864	\$ 63,864
Interest on investments	1,600	1,600	4,796	3,196
Miscellaneous	2,500	2,500	9,498	6,998
<b>TOTAL REVENUES</b>	<u>729,100</u>	<u>729,100</u>	<u>803,158</u>	<u>74,058</u>
<b>EXPENDITURES</b>				
Current:				
Highways and streets:				
Personal services	354,162	354,162	310,621	43,541
Materials and services	765,470	765,470	518,686	246,784
Contingency	25,000	25,000	-	25,000
<b>TOTAL EXPENDITURES</b>	<u>1,144,632</u>	<u>1,144,632</u>	<u>829,307</u>	<u>315,325</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(415,532)</u>	<u>(415,532)</u>	<u>(26,149)</u>	<u>389,383</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	156,750	156,750	156,750	-
Transfers out	(68,029)	(68,029)	(68,029)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>88,721</u>	<u>88,721</u>	<u>88,721</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(326,811)</u>	<u>(326,811)</u>	<u>62,572</u>	<u>389,383</u>
<b>FUND BALANCE, Beginning</b>	<u>354,711</u>	<u>354,711</u>	<u>481,614</u>	<u>126,903</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 27,900</u>	<u>\$ 27,900</u>	<u>\$ 544,186</u>	<u>\$ 516,286</u>

See auditor's report.

**CITY OF LA GRANDE, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**GRANTS & DONATIONS FUND**  
**For the Fiscal Year Ended June 30, 2017**

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
<b>REVENUES</b>				
Charges for services	\$ 17,000	\$ 17,000	\$ 18,311	\$ 1,311
Intergovernmental revenue	607,095	607,095	64,779	(542,316)
Contributions	34,460	34,460	6,763	(27,697)
Interest on investments	2,000	2,000	2,751	751
Miscellaneous	18,000	18,000	10,003	(7,997)
<b>TOTAL REVENUES</b>	<u>678,555</u>	<u>678,555</u>	<u>102,607</u>	<u>(575,948)</u>
<b>EXPENDITURES</b>				
Current:				
Materials and services	193,830	193,830	83,303	110,527
Capital outlay	581,300	581,300	3,244	578,056
<b>TOTAL EXPENDITURES</b>	<u>775,130</u>	<u>775,130</u>	<u>86,547</u>	<u>688,583</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(96,575)</u>	<u>(96,575)</u>	<u>16,060</u>	<u>112,635</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(5,000)	(5,000)	-	5,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(5,000)</u>	<u>(5,000)</u>	<u>-</u>	<u>5,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	(101,575)	(101,575)	16,060	117,635
<b>FUND BALANCE, Beginning</b>	<u>332,528</u>	<u>332,528</u>	<u>225,957</u>	<u>(106,571)</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 230,953</u>	<u>\$ 230,953</u>	<u>\$ 242,017</u>	<u>\$ 11,064</u>

See auditor's report.

**CITY OF LA GRANDE, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**911 EMERGENCY FUND**  
**For the Fiscal Year Ended June 30, 2017**

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 320,000	\$ 320,000	\$ 320,000	\$ -
Interest on investments	3,000	3,000	3,739	739
Miscellaneous	-	-	112	112
<b>TOTAL REVENUES</b>	<u>323,000</u>	<u>323,000</u>	<u>323,851</u>	<u>851</u>
<b>EXPENDITURES</b>				
Current:				
Public safety:				
Personal services	357,199	357,199	306,882	50,317
Materials and services	69,813	69,813	51,756	18,057
Contingency	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
<b>TOTAL EXPENDITURES</b>	<u>477,012</u>	<u>477,012</u>	<u>358,638</u>	<u>118,374</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(154,012)</u>	<u>(154,012)</u>	<u>(34,787)</u>	<u>119,225</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(2,520)</u>	<u>(2,520)</u>	<u>(2,520)</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(2,520)</u>	<u>(2,520)</u>	<u>(2,520)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(156,532)	(156,532)	(37,307)	119,225
<b>FUND BALANCE, Beginning</b>	<u>475,084</u>	<u>475,084</u>	<u>510,104</u>	<u>35,020</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 318,552</u>	<u>\$ 318,552</u>	<u>\$ 472,797</u>	<u>\$ 154,245</u>

See auditor's report.

**CITY OF LA GRANDE, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**CAPITAL EQUIPMENT & IMPROVEMENT FUND**  
**For the Fiscal Year Ended June 30, 2017**

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
<b>REVENUES</b>				
Assessments	\$ 21,978	\$ 21,978	\$ 11,943	\$ (10,035)
Intergovernmental	265,000	265,000	-	(265,000)
Interest on investments	<u>3,000</u>	<u>3,000</u>	<u>14,410</u>	<u>11,410</u>
<b>TOTAL REVENUES</b>	<u>289,978</u>	<u>289,978</u>	<u>26,353</u>	<u>(263,625)</u>
<b>EXPENDITURES</b>				
Capital outlay	515,000	515,000	89,977	425,023
Contingency	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
<b>TOTAL EXPENDITURES</b>	<u>615,000</u>	<u>615,000</u>	<u>89,977</u>	<u>525,023</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(325,022)</u>	<u>(325,022)</u>	<u>(63,624)</u>	<u>261,398</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(2,507,411)</u>	<u>(2,507,411)</u>	<u>(2,507,411)</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(2,507,411)</u>	<u>(2,507,411)</u>	<u>(2,507,411)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(2,832,433)</u>	<u>(2,832,433)</u>	<u>(2,571,035)</u>	<u>261,398</u>
<b>FUND BALANCE, Beginning</b>	<u>2,868,377</u>	<u>2,868,377</u>	<u>2,983,090</u>	<u>114,713</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 35,944</u>	<u>\$ 35,944</u>	<u>\$ 412,055</u>	<u>\$ 376,111</u>

See auditor's report.

**CITY OF LA GRANDE, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**GENERAL BUILDING/EQUIPMENT RESERVE FUND**  
**For the Fiscal Year Ended June 30, 2017**

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
<b>REVENUES</b>				
Interest on investments	\$ 3,400	\$ 3,400	\$ 8,810	\$ 5,410
Miscellaneous	5,000	5,000	23,883	18,883
<b>TOTAL REVENUES</b>	8,400	8,400	32,693	24,293
<b>EXPENDITURES</b>				
Capital outlay	459,796	459,796	32,516	427,280
<b>TOTAL EXPENDITURES</b>	459,796	459,796	32,516	427,280
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(451,396)	(451,396)	177	451,573
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	110,736	110,736	110,736	-
Transfers out	(15,100)	(15,100)	(15,100)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	95,636	95,636	95,636	-
<b>NET CHANGE IN FUND BALANCE</b>	(355,760)	(355,760)	95,813	451,573
<b>FUND BALANCE, Beginning</b>	631,356	631,356	714,259	82,903
<b>FUND BALANCE, Ending</b>	<u>\$ 275,596</u>	<u>\$ 275,596</u>	<u>\$ 810,072</u>	<u>\$ 534,476</u>

See auditor's report.

**CITY OF LA GRANDE, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**URBAN RENEWAL DEBT FUND**  
**For the Fiscal Year Ended June 30, 2017**

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
<b>REVENUES</b>				
Property taxes	\$ 220,000	\$ 220,000	\$ 193,235	\$ (26,765)
Interest on investments	<u>5,000</u>	<u>5,000</u>	<u>16,902</u>	<u>11,902</u>
<b>TOTAL REVENUES</b>	<u>225,000</u>	<u>225,000</u>	<u>210,137</u>	<u>(14,863)</u>
<b>EXPENDITURES</b>				
Debt service	<u>263,518</u>	<u>263,518</u>	<u>263,518</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u>263,518</u>	<u>263,518</u>	<u>263,518</u>	<u>-</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(38,518)</u>	<u>(38,518)</u>	<u>(53,381)</u>	<u>(14,863)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(807,000)</u>	<u>(807,000)</u>	<u>(522,628)</u>	<u>284,372</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(807,000)</u>	<u>(807,000)</u>	<u>(522,628)</u>	<u>284,372</u>
<b>NET CHANGE IN FUND BALANCE</b>	(845,518)	(845,518)	(576,009)	269,509
<b>FUND BALANCE, Beginning</b>	<u>851,379</u>	<u>851,379</u>	<u>599,779</u>	<u>(251,600)</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 5,861</u>	<u>\$ 5,861</u>	<u>\$ 23,770</u>	<u>\$ 17,909</u>

See auditor's report.





**SCHEDULES OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL**

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**Proprietary Funds**

**Enterprise Funds**

- All Water Funds
  - Water
  - Water Reserve
- All Sewer Funds
  - Sewer
  - Sewer Reserve
  - CWSRF
- Other Enterprise Funds
  - Storm Utility
  - Storm Utility Reserve
  - Building Inspections
  - Building Inspections Reserve

**CITY OF LA GRANDE, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**WATER FUND**  
**For the Fiscal Year Ended June 30, 2017**

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
<b>REVENUES</b>				
Charges for services	\$ 2,704,039	\$ 2,704,039	\$ 2,865,986	\$ 161,947
Interest on investments	6,000	6,000	21,396	15,396
Miscellaneous	20,000	20,000	32,980	12,980
<b>TOTAL REVENUES</b>	<u>2,730,039</u>	<u>2,730,039</u>	<u>2,920,362</u>	<u>190,323</u>
<b>EXPENDITURES</b>				
Current:				
Personal services	567,342	567,342	441,560	125,782
Materials and services	1,308,958	1,308,958	1,067,427	241,531
Capital outlay	431,000	431,000	295,549	135,451
Contingency	447,095	447,095	-	447,095
<b>TOTAL EXPENDITURES</b>	<u>2,754,395</u>	<u>2,754,395</u>	<u>1,804,536</u>	<u>949,859</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(24,356)</u>	<u>(24,356)</u>	<u>1,115,826</u>	<u>1,140,182</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(673,332)	(673,332)	(673,332)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(673,332)</u>	<u>(673,332)</u>	<u>(673,332)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(697,688)	(697,688)	442,494	1,140,182
<b>FUND BALANCE, Beginning</b>	<u>1,465,950</u>	<u>1,465,950</u>	<u>1,992,643</u>	<u>526,693</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 768,262</u>	<u>\$ 768,262</u>	<u>2,435,137</u>	<u>\$ 1,666,875</u>

See auditor's report.

**CITY OF LA GRANDE, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**WATER RESERVE FUND**  
**For the Fiscal Year Ended June 30, 2017**

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 900,000	\$ 900,000	\$ 55,100	\$ (844,900)
Interest on investments	3,000	3,000	7,039	4,039
<b>TOTAL REVENUES</b>	903,000	903,000	62,139	(840,861)
<b>EXPENDITURES</b>				
Capital outlay	750,000	750,000	153,464	596,536
Contingency	100,000	100,000	-	100,000
<b>TOTAL EXPENDITURES</b>	850,000	850,000	153,464	696,536
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	53,000	53,000	(91,325)	(144,325)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	968,391	968,391	965,789	(2,602)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	968,391	968,391	965,789	(2,602)
<b>NET CHANGE IN FUND BALANCE</b>	1,021,391	1,021,391	874,464	(146,927)
<b>FUND BALANCE, Beginning</b>	-	-	-	-
<b>FUND BALANCE, Ending</b>	<u>\$ 1,021,391</u>	<u>\$ 1,021,391</u>	<u>\$ 874,464</u>	<u>\$ (146,927)</u>

See auditor's report.

**CITY OF LA GRANDE, OREGON  
RECONCILIATION TO GENERALLY ACCEPTED  
ACCOUNTING PRINCIPLES  
ALL WATER FUNDS  
For the Fiscal Year Ended June 30, 2017**

**BUDGETARY BASIS FUND BALANCE (NON-GAAP):**

Water	\$ 2,435,137
Water Reserve	<u>874,464</u>
	3,309,601

Adjustments:

Capital assets, net of depreciation	5,266,347
Other postemployment benefits	<u>(345,223)</u>

**GENERALLY ACCEPTED ACCOUNTING  
PRINCIPLES BASIS (GAAP) NET POSITION**

\$ 8,230,725

**CITY OF LA GRANDE, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**SEWER FUND**  
**For the Fiscal Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
<b>REVENUES</b>				
Charges for services	\$ 2,996,500	\$ 2,996,500	\$ 3,426,277	\$ 429,777
Interest on investments	15,700	15,700	38,125	22,425
Miscellaneous	2,000	2,000	24,080	22,080
<b>TOTAL REVENUES</b>	<u>3,014,200</u>	<u>3,014,200</u>	<u>3,488,482</u>	<u>474,282</u>
<b>EXPENDITURES</b>				
Current:				
Personal services	900,000	900,000	700,813	199,187
Materials and services	1,162,025	1,162,025	827,370	334,655
Capital outlay	750,000	750,000	407,231	342,769
Contingency	704,701	704,701	-	704,701
<b>TOTAL EXPENDITURES</b>	<u>3,516,726</u>	<u>3,516,726</u>	<u>1,935,414</u>	<u>1,581,312</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(502,526)</u>	<u>(502,526)</u>	<u>1,553,068</u>	<u>2,055,594</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(1,885,983)	(1,885,983)	(1,885,983)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(1,885,983)</u>	<u>(1,885,983)</u>	<u>(1,885,983)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(2,388,509)	(2,388,509)	(332,915)	2,055,594
<b>FUND BALANCE, Beginning</b>	<u>2,591,656</u>	<u>2,591,656</u>	<u>3,502,365</u>	<u>910,709</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 203,147</u>	<u>\$ 203,147</u>	<u>\$ 3,169,450</u>	<u>\$ 2,966,303</u>

See auditor's report.

**CITY OF LA GRANDE, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**SEWER RESERVE FUND**  
**For the Fiscal Year Ended June 30, 2017**

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
<b>REVENUES</b>				
Interest on investments	\$ 1,800	\$ 1,800	\$ 17,931	\$ 16,131
<b>TOTAL REVENUES</b>	<u>1,800</u>	<u>1,800</u>	<u>17,931</u>	<u>16,131</u>
<b>EXPENDITURES</b>				
Capital outlay	950,000	950,000	20,299	929,701
Contingency	<u>75,000</u>	<u>75,000</u>	-	<u>75,000</u>
<b>TOTAL EXPENDITURES</b>	<u>1,025,000</u>	<u>1,025,000</u>	<u>20,299</u>	<u>1,004,701</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,023,200)</u>	<u>(1,023,200)</u>	<u>(2,368)</u>	<u>1,020,832</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>2,989,020</u>	<u>2,989,020</u>	<u>2,991,622</u>	<u>2,602</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>2,989,020</u>	<u>2,989,020</u>	<u>2,991,622</u>	<u>2,602</u>
<b>NET CHANGE IN FUND BALANCE</b>	1,965,820	1,965,820	2,989,254	1,023,434
<b>FUND BALANCE, Beginning</b>	<u>223,117</u>	<u>223,117</u>	<u>482,991</u>	<u>259,874</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 2,188,937</u>	<u>\$ 2,188,937</u>	<u>\$ 3,472,245</u>	<u>\$ 1,283,308</u>

See auditor's report.

**CITY OF LA GRANDE, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**CWSRF LOAN FUND**  
**For the Fiscal Year Ended June 30, 2017**

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
<b>REVENUES</b>				
Interest on investments	\$ 2,500	\$ 2,500	\$ 5,693	\$ 3,193
<b>TOTAL REVENUES</b>	2,500	2,500	5,693	3,193
<b>EXPENDITURES</b>				
Debt service	364,433	364,433	364,433	-
<b>TOTAL EXPENDITURES</b>	364,433	364,433	364,433	-
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(361,933)	(361,933)	(358,740)	3,193
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	364,433	364,433	364,433	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	364,433	364,433	364,433	-
<b>NET CHANGE IN FUND BALANCE</b>	2,500	2,500	5,693	3,193
<b>FUND BALANCE, Beginning</b>	477,700	477,700	478,608	908
<b>FUND BALANCE, Ending</b>	<u>\$ 480,200</u>	<u>\$ 480,200</u>	<u>\$ 484,301</u>	<u>\$ 4,101</u>

See auditor's report.

**CITY OF LA GRANDE, OREGON**  
**RECONCILIATION TO GENERALLY ACCEPTED**  
**ACCOUNTING PRINCIPLES**  
**ALL SEWER FUNDS**  
**For the Fiscal Year Ended June 30, 2017**

**BUDGETARY BASIS FUND BALANCE (NON-GAAP):**

Sewer	\$ 3,169,450
Sewer Reserve	3,472,245
CWSRF Loan	<u>484,301</u>
	7,125,996

Adjustments:

Capital assets, net of depreciation	12,639,091
Accrued interest payable	(6,011)
Long-term debt	(1,742,280)
Other postemployment benefits	<u>(448,009)</u>

**GENERALLY ACCEPTED ACCOUNTING**  
**PRINCIPLES BASIS (GAAP) NET POSITION**

\$ 17,568,787



**CITY OF LA GRANDE, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**STORM UTILITY FUND**  
**For the Fiscal Year Ended June 30, 2017**

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
<b>REVENUES</b>				
Charges for services	\$ 200,000	\$ 200,000	\$ 209,967	\$ 9,967
Interest on investments	<u>2,000</u>	<u>2,000</u>	<u>3,492</u>	<u>1,492</u>
<b>TOTAL REVENUES</b>	<u>202,000</u>	<u>202,000</u>	<u>213,459</u>	<u>11,459</u>
<b>EXPENDITURES</b>				
Current:				
Materials and services	363,000	363,000	258,755	104,245
Capital outlay	111,000	111,000	74,254	36,746
Contingency	<u>77,837</u>	<u>77,837</u>	<u>-</u>	<u>77,837</u>
<b>TOTAL EXPENDITURES</b>	<u>551,837</u>	<u>551,837</u>	<u>333,009</u>	<u>218,828</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(349,837)</u>	<u>(349,837)</u>	<u>(119,550)</u>	<u>230,287</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	110,000	110,000	110,000	-
Transfers out	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(289,837)</u>	<u>(289,837)</u>	<u>(59,550)</u>	<u>230,287</u>
<b>FUND BALANCE, Beginning</b>	<u>289,837</u>	<u>289,837</u>	<u>396,987</u>	<u>107,150</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>337,437</u>	<u>\$ 337,437</u>

See auditor's report.

**CITY OF LA GRANDE, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**STORM UTILITY RESERVE FUND**  
**For the Fiscal Year Ended June 30, 2017**

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 10,000	\$ 10,000	\$ -	\$ (10,000)
Interest on investments	200	200	501	301
Miscellaneous	-	-	18,129	18,129
<b>TOTAL REVENUES</b>	<u>10,200</u>	<u>10,200</u>	<u>18,630</u>	<u>8,430</u>
<b>EXPENDITURES</b>				
Capital outlay	30,000	30,000	14,714	15,286
Contingency	<u>10,000</u>	<u>10,000</u>	-	<u>10,000</u>
<b>TOTAL EXPENDITURES</b>	<u>40,000</u>	<u>40,000</u>	<u>14,714</u>	<u>25,286</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(29,800)</u>	<u>(29,800)</u>	<u>3,916</u>	<u>33,716</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	-
<b>NET CHANGE IN FUND BALANCE</b>	20,200	20,200	53,916	33,716
<b>FUND BALANCE, Beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 20,200</u>	<u>\$ 20,200</u>	<u>\$ 53,916</u>	<u>\$ 33,716</u>

See auditor's report.

**CITY OF LA GRANDE, OREGON  
RECONCILIATION TO GENERALLY ACCEPTED  
ACCOUNTING PRINCIPLES  
ALL STORM UTILITY FUNDS  
For the Fiscal Year Ended June 30, 2017**

**BUDGETARY BASIS FUND BALANCE (NON-GAAP):**

Storm Utility	\$ 337,437
Storm Utility Reserve	<u>53,916</u>
	391,353

Adjustments:

Capital assets, net of depreciation	<u>1,089,781</u>
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**GENERALLY ACCEPTED ACCOUNTING  
PRINCIPLES BASIS (GAAP) NET POSITION**

\$ 1,481,134

**CITY OF LA GRANDE, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**BUILDING INSPECTIONS FUND**  
**For the Fiscal Year Ended June 30, 2017**

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
<b>REVENUES</b>				
Licenses and fees	\$ 445,000	\$ 445,000	\$ 528,043	\$ 83,043
Interest on investments	4,200	4,200	10,056	5,856
Miscellaneous	-	-	129	129
<b>TOTAL REVENUES</b>	<u>449,200</u>	<u>449,200</u>	<u>538,228</u>	<u>89,028</u>
<b>EXPENDITURES</b>				
Current:				
Personal services	385,950	385,950	265,724	120,226
Materials and services	219,613	219,613	179,799	39,814
Contingency	<u>120,000</u>	<u>120,000</u>	<u>-</u>	<u>120,000</u>
<b>TOTAL EXPENDITURES</b>	<u>725,563</u>	<u>725,563</u>	<u>445,523</u>	<u>280,040</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(276,363)</u>	<u>(276,363)</u>	<u>92,705</u>	<u>369,068</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(96,221)</u>	<u>(96,221)</u>	<u>(96,221)</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(96,221)</u>	<u>(96,221)</u>	<u>(96,221)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(372,584)</u>	<u>(372,584)</u>	<u>(3,516)</u>	<u>369,068</u>
<b>FUND BALANCE, Beginning</b>	<u>666,640</u>	<u>666,640</u>	<u>870,076</u>	<u>203,436</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 294,056</u>	<u>\$ 294,056</u>	<u>\$ 866,560</u>	<u>\$ 572,504</u>

See auditor's report.

**CITY OF LA GRANDE, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**BUILDING INSPECTIONS RESERVE FUND**  
**For the Fiscal Year Ended June 30, 2017**

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
<b>REVENUES</b>				
Interest on investments	\$ -	\$ -	\$ 326	\$ 326
<b>TOTAL REVENUES</b>	-	-	326	326
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	326	326
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	35,100	35,100	35,100	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	35,100	35,100	35,100	-
<b>NET CHANGE IN FUND BALANCE</b>	35,100	35,100	35,426	326
<b>FUND BALANCE, Beginning</b>	-	-	-	-
<b>FUND BALANCE, Ending</b>	<u>\$ 35,100</u>	<u>\$ 35,100</u>	<u>\$ 35,426</u>	<u>\$ 326</u>

See auditor's report.

**CITY OF LA GRANDE, OREGON  
RECONCILIATION TO GENERALLY ACCEPTED  
ACCOUNTING PRINCIPLES  
ALL BUILDING INSPECTION FUNDS  
For the Fiscal Year Ended June 30, 2017**

**BUDGETARY BASIS FUND BALANCE (NON-GAAP):**

Building Inspection	\$ 866,560
Building Inspection Reserve	<u>35,426</u>
	901,986

Adjustments:

Capital assets, net of depreciation	7,511
Compensated absences	(11,558)
Other postemployment benefits	<u>(102,344)</u>

**GENERALLY ACCEPTED ACCOUNTING  
PRINCIPLES BASIS (GAAP) NET POSITION**

\$ 795,595

**SCHEDULES OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL**

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**Internal Service Funds**

- Motor Pool Fund
- Public Works Service Fund

**CITY OF LA GRANDE, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**MOTOR POOL FUND**  
**For the Fiscal Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
<b>REVENUES</b>				
Charges for services	\$ 570,000	\$ 570,000	\$ 524,500	\$ (45,500)
Interest on investments	3,000	3,000	7,282	4,282
Miscellaneous	7,000	7,000	339	(6,661)
<b>TOTAL REVENUES</b>	<u>580,000</u>	<u>580,000</u>	<u>532,121</u>	<u>(47,879)</u>
<b>EXPENDITURES</b>				
Current:				
Personal services	175,141	175,141	151,075	24,066
Materials and services	331,948	331,948	224,060	107,888
Capital outlay	420,000	420,000	305,534	114,466
Contingency	138,774	138,774	-	138,774
<b>TOTAL EXPENDITURES</b>	<u>1,065,863</u>	<u>1,065,863</u>	<u>680,669</u>	<u>385,194</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(485,863)</u>	<u>(485,863)</u>	<u>(148,548)</u>	<u>337,315</u>
<b>NET CHANGE IN FUND BALANCE</b>	(485,863)	(485,863)	(148,548)	337,315
<b>FUND BALANCE, Beginning</b>	<u>608,647</u>	<u>608,647</u>	<u>674,946</u>	<u>66,299</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 122,784</u>	<u>\$ 122,784</u>	526,398	<u>\$ 403,614</u>
<b>RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES</b>				
Capital assets, net of depreciation			<u>1,417,222</u>	
<b>NET POSITION, Ending</b>			<u>\$ 1,943,620</u>	

See auditor's report.



**CITY OF LA GRANDE, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**PUBLIC WORKS SERVICE FUND**  
**For the Fiscal Year Ended June 30, 2017**

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
<b>REVENUES</b>				
Charges for services	\$ 2,682,493	\$ 2,682,493	\$ 2,454,577	\$ (227,916)
<b>TOTAL REVENUES</b>	<u>2,682,493</u>	<u>2,682,493</u>	<u>2,454,577</u>	<u>(227,916)</u>
<b>EXPENDITURES</b>				
Current:				
Personal services	2,682,493	2,682,493	2,448,932	233,561
Contingency	<u>182,602</u>	<u>182,602</u>	<u>-</u>	<u>182,602</u>
<b>TOTAL EXPENDITURES</b>	<u>2,865,095</u>	<u>2,865,095</u>	<u>2,448,932</u>	<u>416,163</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(182,602)</u>	<u>(182,602)</u>	<u>5,645</u>	<u>188,247</u>
<b>NET CHANGE IN FUND BALANCE</b>	(182,602)	(182,602)	5,645	188,247
<b>FUND BALANCE, Beginning</b>	<u>182,602</u>	<u>182,602</u>	<u>109,521</u>	<u>(73,081)</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	115,166	<u>\$ 115,166</u>
<b>RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES</b>				
Prepaid insurance			37,891	
Compensated absences			<u>(192,909)</u>	
<b>NET POSITION, Ending</b>			<u>\$ (39,852)</u>	

See auditor's report.



## **OTHER FINANCIAL SCHEDULES**

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**CITY OF LA GRANDE, OREGON**  
**SCHEDULE OF OUTSTANDING DEBT PRINCIPAL**  
**AND INTEREST TRANSACTIONS**  
**For the Fiscal Year Ended June 30, 2017**

				Principal				
	Interest Rates	Date of Issue	Original Amount	Outstanding July 1, 2016	Issued	Matured and Paid	Outstanding June 30, 2017	Interest Matured and Paid
<u>Governmental Funds</u>								
Oregon Economic Development Loan	3% - 5.25%	5/27/2009	\$ 1,152,493	\$ 940,218	\$ -	\$ 36,135	\$ 904,083	\$ 44,015
Urban Renewal Bond - 2012	1% - 3.5%	2/21/2012	\$ 1,035,000	910,000	-	45,000	865,000	26,918
Urban Renewal Bond - 2015	2% - 3.5%	2/24/2015	\$ 1,550,000	1,500,000	-	65,000	1,435,000	46,450
				3,350,218	-	146,135	3,204,083	117,383
<u>Enterprise Funds</u>								
CWSRF Loan Payable	3.83%	6/1/2002	\$ 4,836,437	\$ 2,021,819	\$ -	\$ 279,539	\$ 1,742,280	\$ 74,785
				2,021,819	-	279,539	1,742,280	74,785
Total				\$ 5,372,037	\$ -	\$ 425,674	\$ 4,946,363	\$ 192,168

See auditor's report.

**CITY OF LA GRANDE, OREGON**  
**SCHEDULE OF GOVERNMENTAL ACTIVITIES**  
**DEBT SERVICE FUTURE REQUIREMENTS - LOANS PAYABLE**  
**June 30, 2017**

Year Ending June 30	Loan Payable		Totals	
	Principal	Interest	Principal	Interest
2018	\$ 36,381	\$ 42,570	\$ 36,381	\$ 42,570
2019	36,636	41,114	36,636	41,114
2020	41,918	39,557	41,918	39,557
2021	42,229	37,671	42,229	37,671
2022	42,518	35,982	42,518	35,982
2023	42,894	33,856	42,894	33,856
2024	48,289	31,711	48,289	31,711
2025	48,620	29,780	48,620	29,780
2026	54,051	27,349	54,051	27,349
2027	54,527	24,511	54,527	24,511
2028	55,003	21,785	55,003	21,785
2029	60,528	18,897	60,528	18,897
2030	61,002	16,173	61,002	16,173
2031	66,524	13,276	66,524	13,276
2032	67,072	10,116	67,072	10,116
2033	72,645	6,930	72,645	6,930
2034	73,246	3,479	73,246	3,479
	<u>\$ 904,083</u>	<u>\$ 434,757</u>	<u>\$ 904,083</u>	<u>\$ 434,757</u>

See auditor's report.

**CITY OF LA GRANDE, OREGON**  
**SCHEDULE OF GOVERNMENTAL ACTIVITIES**  
**DEBT SERVICE FUTURE REQUIREMENTS - BONDS PAYABLE**  
**June 30, 2017**

Year Ending June 30	Urban Renewal Bond -2012		Urban Renewal Bond - 2015		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 45,000	\$ 26,362	\$ 65,000	\$ 45,150	\$ 110,000	\$ 71,512
2019	45,000	25,675	70,000	43,850	115,000	69,525
2020	45,000	24,786	70,000	42,450	115,000	67,236
2021	45,000	23,740	70,000	41,050	115,000	64,790
2022	50,000	22,537	75,000	38,950	125,000	61,487
2023	50,000	21,175	75,000	36,700	125,000	57,875
2024	50,000	19,600	75,000	34,450	125,000	54,050
2025	50,000	17,850	80,000	31,825	130,000	49,675
2026	55,000	16,013	85,000	29,025	140,000	45,038
2027	55,000	14,087	85,000	26,050	140,000	40,137
2028	55,000	12,163	90,000	23,075	145,000	35,238
2029	60,000	10,150	90,000	20,375	150,000	30,525
2030	60,000	8,050	95,000	16,675	155,000	24,725
2031	65,000	5,863	95,000	14,350	160,000	20,213
2032	65,000	3,588	100,000	11,025	165,000	14,613
2032	70,000	1,225	105,000	7,525	175,000	8,750
2033	-	-	110,000	3,850	110,000	3,850
	<u>\$ 865,000</u>	<u>\$ 252,864</u>	<u>\$ 1,435,000</u>	<u>\$ 466,375</u>	<u>\$ 2,300,000</u>	<u>\$ 719,239</u>

See auditor's report.

**CITY OF LA GRANDE, OREGON**  
**SCHEDULE OF BUSINESS-TYPE ACTIVITIES**  
**DEBT SERVICE FUTURE REQUIREMENTS - LOANS PAYABLE**  
**June 30, 2017**

Year Ending June 30	CWSRF Loan		Totals	
	Principal	Interest	Principal	Interest
2018	\$ 290,348	\$ 63,976	\$ 290,348	\$ 63,976
2019	301,576	52,748	301,576	52,748
2020	313,236	41,088	313,236	41,088
2021	325,348	28,976	325,348	28,976
2022	337,929	16,395	337,929	16,395
2023	173,843	3,329	173,843	3,329
	<u>\$ 1,742,280</u>	<u>\$ 206,512</u>	<u>\$ 1,742,280</u>	<u>\$ 206,512</u>

See auditor's report.





## STATISTICAL SECTION

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**UNION COUNTY  
ASSESSOR/TAX COLLECTOR  
1001 4TH STREET, SUITE A  
LA GRANDE, OREGON 97850**

**LINDA L. HILL  
ASSESSOR/TAX COLLECTOR**

**TELEPHONE (541) 963-1002  
FAX (541) 963-1039  
TTY 1-800-735-1232**

**UNION COUNTY**

**2016/2017 TEN LARGEST TAXPAYERS**

<i><b>Name</b></i>	<i><b>Assessed Value</b></i>	<i><b>Total Tax *</b></i>
1. BOISE BUILDING SOLUTIONS MFG	\$51,958,254	\$601,227.77
2. UNION PACIFIC RAILROAD CO	\$47,007,200	\$541,127.07
3. TELOCASET WIND POWER PARTNERS	\$29,341,478	\$276,942.40
4. WAL MART REAL EST BUSINESS TRUST	\$19,576,149	\$268,364.66
5. AVISTA CORP	\$17,004,000	\$241,428.21
6. NORTHWEST PIPELINE CORP	\$19,051,300	\$198,892.85
7. FRONTIER COMMUNICATIONS	\$12,887,000	\$180,866.87
8. TESORO LOGISTICS NW PIPELINE	\$10,133,600	\$106,180.39
9. SAFEWAY INC	\$7,385,262	\$126,845.76
10. ECLIPSE CASCADE RE GR LLC	\$6,203,109	\$105,650.53

\*Total Tax can include special assessments

**REPORT OF INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANTS**

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

We have audited the basic financial statements of the City of La Grande as of and for the year ended June 30, 2017, and have issued our report thereon dated December 28, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States.

### **Compliance**

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

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

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Highway revenues used for public highways, roads, and streets.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

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


**OAR 162-10-0230 Internal Control**

In planning and performing our audit, we considered the City of La Grande internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of La Grande internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of La Grande internal control over financial reporting.

We noted certain matters that we reported to management in a separate letter dated December 28, 2017.

This report is intended solely for the information and use of the board of directors/council members/commissioners and management of City of La Grande and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

Dickey and Tremper, LLP

A handwritten signature in black ink that reads "Dickey and Tremper, LLP". The signature is written in a cursive, flowing style.

December 28, 2017

