

# **CITY OF LA GRANDE, OREGON**

## **ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2018**



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, 2018**

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# INTRODUCTORY SECTION

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# CITY OF LA GRANDE

## OFFICIALS OF THE CITY

JUNE 30, 2018

### 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

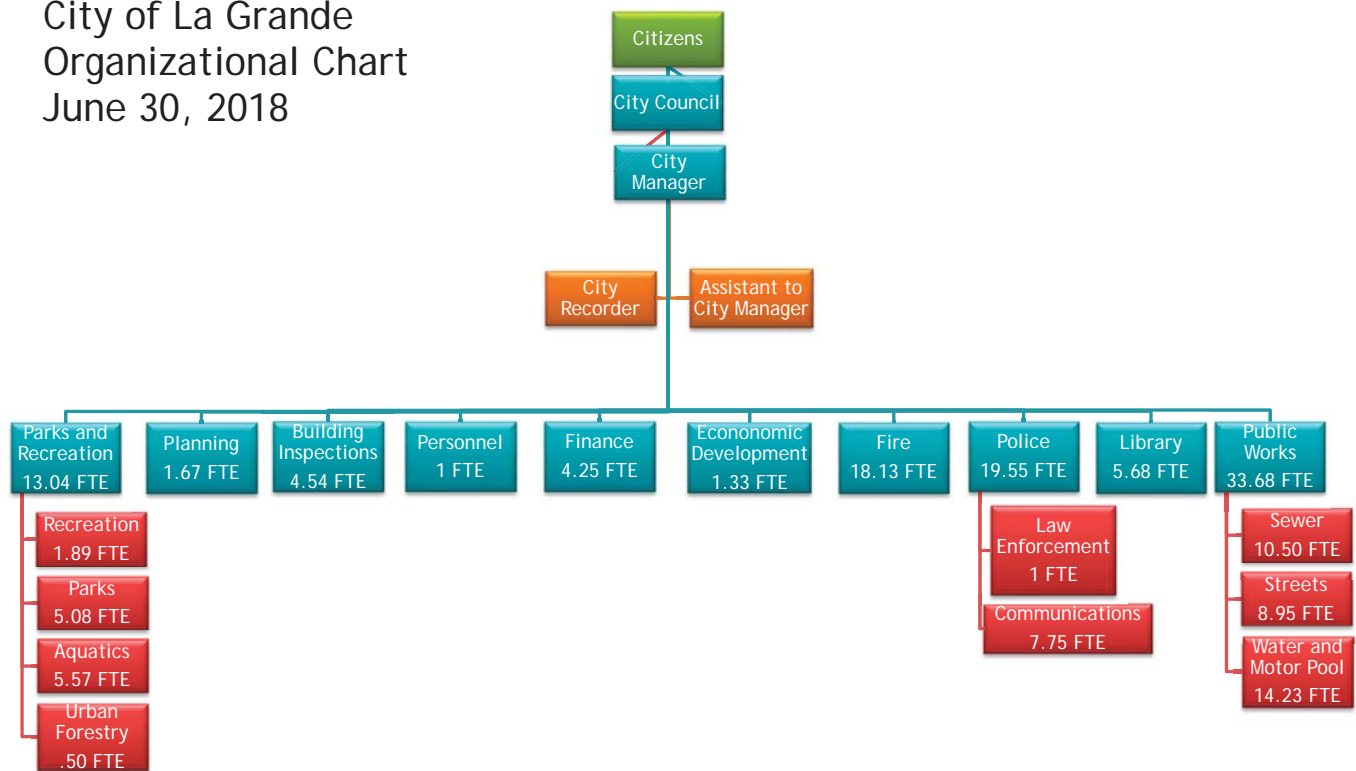
<u>Name</u>	<u>Position</u>
Robert Strobe .....	City Manager
Kimberly Hulse .....	Finance Director
Brian Harvey .....	Police Chief
Stu Spence .....	Parks Director
Kyle Carpenter .....	Public Works Director
Leslie Thomas .....	Fire Chief
Teresa Washburn .....	Library Director

### 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 Organizational Chart June 30, 2018



## FINANCIAL SECTION

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Pendleton, OR 97801  
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Toll Free: 1-800-332-6862  
Fax: (541) 276-9040  
Web: [www.dickeyandtremper.com](http://www.dickeyandtremper.com)

## **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, 2018, 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.

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## ***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, 2018, 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, Schedule of Proportionate Share of Net OPEB Liability (Asset), Schedule of Contributions OPERS Retirement Health Insurance Account, and the Schedule of changes in the City's OPEB Liability and Related Ratios, 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, 2018, 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**  
**Certified Public Accountants**

December 28, 2018

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

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**CITY OF LA GRANDE, OREGON**  
**Management's Discussion and Analysis**  
**June 30, 2018**

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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, 2018. 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, 2018 are \$103,734,539, which is a \$2,866,231 increase from last year's total assets of \$100,868,308.
- The City's total liabilities increased \$89,024 from \$14,573,223 to \$14,662,247, as of June 30, 2018.
- The City's net position increased by \$1,540,822, from \$88,553,775 to \$90,094,597 which is an increase of 1.7%. All assets and liabilities are reflected in this number.
- On June 30, 2018, the City's governmental funds reported combined ending fund balances of \$9,070,727, which is an increase of \$930,871 in comparison to the prior year ending fund balance of \$8,139,856. This represents an 11.4% increase in ending fund balances. Timing of activities and the sale of the Independent Order of Odd Fellows Building (IOOF) in Urban Renewal contributes to this increase.
- The unrestricted fund balance (not reserved for future debt obligations) of the business-type activities (water, sewer, storm utility and building inspections) increased 8% from \$6,428,611 to \$6,964,955. Total net position of business-type activities including invested in capital assets, net of related debt increased by 8.3%.

### **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, 2018**

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

**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, Water Reserve, Sewer, Sewer Reserve, Sewer Debt, Building Inspection, Building Reserve, Storm Utility and Storm Utility Reserve 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, 2018**

**The City as a Whole**

The City's combined net position increased by \$1,540,822, from \$88,553,775 to \$90,094,597. 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 \$1,951,612 to \$21,142,957 from last year's amount of \$19,191,345. The net position of business-type activities increased \$2,923,537 while the Governmental activities net position decreased \$67,009. Overall Liabilities were similar to the prior year while overall Assets increased due to increased cash and equivalents, increased construction in progress and a slight increase in Inventories. 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>	
	<b>6/30/2017</b>	<b>6/30/2018</b>	<b>6/30/2017</b>	<b>6/30/2018</b>	<b>6/30/2017</b>	<b>6/30/2018</b>
Current Assets	\$ 11,222,484	\$ 11,546,499	\$ 12,305,021	\$ 13,978,367	\$ 23,527,505	\$ 25,524,866
Capital Assets, net	\$ 58,338,073	\$ 57,913,177	\$ 19,002,730	\$ 20,296,496	\$ 77,340,803	\$ 78,209,673
<b>Total Assets</b>	<b>\$ 69,560,557</b>	<b>\$ 69,459,676</b>	<b>\$ 31,307,751</b>	<b>\$ 34,274,863</b>	<b>\$ 100,868,308</b>	<b>\$ 103,734,539</b>
<b>Deferred Outflows of Resources</b>	<b>\$ 2,318,550</b>	<b>\$ 1,428,509</b>	<b>\$ -</b>	<b>\$ 48,029</b>	<b>\$ -</b>	<b>\$ 1,476,538</b>
Outstanding	\$ 10,248,359	\$ 10,257,064	\$ 2,637,856	\$ 2,766,109	\$ 12,886,215	\$ 13,023,173
Other Liabilities	\$ 1,466,615	\$ 1,180,596	\$ 220,393	\$ 458,478	\$ 1,687,008	\$ 1,639,074
<b>Total Liabilities</b>	<b>\$ 11,714,974</b>	<b>\$ 11,437,660</b>	<b>\$ 2,858,249</b>	<b>\$ 3,224,587</b>	<b>\$ 14,573,223</b>	<b>\$ 14,662,247</b>
<b>Deferred Inflows of Resources</b>	<b>\$ 59,860</b>	<b>\$ 394,334</b>	<b>\$ -</b>	<b>\$ 59,899</b>	<b>\$ 59,860</b>	<b>\$ 454,233</b>
<b>Net Position:</b>						
Net investment in capital assets	\$ 55,133,990	\$ 54,805,831	\$ 17,260,450	\$ 18,844,564	\$ 72,394,440	\$ 73,650,395
Restricted	\$ 2,780,963	\$ 2,898,469	\$ 4,760,441	\$ 5,228,887	\$ 7,541,404	\$ 8,127,356
Unrestricted	\$ 2,189,320	\$ 1,351,891	\$ 6,428,611	\$ 6,964,955	\$ 8,617,931	\$ 8,316,846
	<b>\$ 60,104,273</b>	<b>\$ 59,056,191</b>	<b>\$ 28,449,502</b>	<b>\$ 31,038,406</b>	<b>\$ 88,553,775</b>	<b>\$ 90,094,597</b>

**CITY OF LA GRANDE, OREGON**  
**Management's Discussion and Analysis**  
**June 30, 2018**

**CHANGES IN NET POSITION**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>6/30/2017</b>	<b>6/30/2018</b>	<b>6/30/2017</b>	<b>6/30/2018</b>	<b>6/30/2017</b>	<b>6/30/2018</b>
<b>REVENUES</b>						
Program revenues						
Charges for services	\$ 2,172,200	\$ 2,238,666	\$ 7,087,463	\$ 7,340,618	\$ 9,259,663	\$ 9,579,284
Operating grants	1,279,155	1,287,288	-	-	1,279,155	1,287,288
Capital grants	2,048,601	277,470	73,228	818,922	2,121,829	1,096,392
General revenues	-	-	-	-	-	-
Property taxes	5,040,006	5,550,134	-	-	5,040,006	5,550,134
Franchise Taxes	1,178,595	2,111,515	-	-	1,178,595	2,111,515
Other Taxes	850,102	-	-	-	850,102	-
Other Income	339	25,396	-	-	339	25,396
Interest Income	104,844	154,024	104,559	193,536	209,403	347,560
<b>Total Revenues</b>	<b>12,673,842</b>	<b>11,644,493</b>	<b>7,265,250</b>	<b>8,353,076</b>	<b>19,939,092</b>	<b>19,997,569</b>
<b>Expenses</b>						
General government	836,936	912,410	-	-	836,936	912,410
Police department	3,691,917	3,381,757	-	-	3,691,917	3,381,757
Fire Department	2,571,743	2,658,009	-	-	2,571,743	2,658,009
Community development	1,049,599	1,322,288	-	-	1,049,599	1,322,288
Public services	2,244,298	2,048,755	-	-	2,244,298	2,048,755
Highways and streets	1,260,395	1,397,053	-	-	1,260,395	1,397,053
Interest on long-term debt	114,888	116,199	-	-	114,888	116,199
Water	-	-	2,208,155	1,897,310	2,208,155	1,897,310
Sewer	-	-	2,512,778	2,539,935	2,512,778	2,539,935
Storm utility	-	-	336,545	255,584	336,545	255,584
Building inspection	-	-	536,350	611,741	536,350	611,741
<b>Total Expenses</b>	<b>11,769,776</b>	<b>11,836,471</b>	<b>5,593,828</b>	<b>5,304,570</b>	<b>17,363,604</b>	<b>17,141,041</b>
Excess (deficiency) before special items and transfers	904,066	(191,978)	1,671,422	3,048,506	2,575,488	2,856,528
<b>Special Items:</b>						
Transfers of capital assets	-	-	-	-	-	-
Donated property revenue	-	-	-	-	-	-
Loss on disposal of assets	(6,620)	-	-	-	(6,620)	-
Operating Transfers	(2,365,761)	124,969	2,365,761	(124,969)	-	-
<b>Increase (decrease) in net position</b>	<b>\$ (1,468,315)</b>	<b>\$ (67,009)</b>	<b>\$ 4,037,183</b>	<b>\$ 2,923,537</b>	<b>\$ 2,568,868</b>	<b>\$ 2,856,528</b>

## **Governmental Activities**

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$9,070,727 an increase of \$930,871 in comparison with the prior years ending fund balance of \$8,139,856.

The City maintains nine governmental funds and each fund has a unique purpose. Three funds (General, Urban Renewal General and Debt fund) 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.

General Fund – Revenues accounted for \$8,791,447 of revenues. Expenditures and transfers out were \$8,016,029. The net change in Fund Balance was an increase of \$775,418 from the prior year. 2017.

Urban Renewal General Fund – Revenues and transfers in, accounted for the \$733,915 in total revenues. Expenditures were \$1,759,902, an increase of \$1,155,141 from the prior year. The majority of this increase was due to a large transfer to the Urban Renewal Debt fund to reflect proper balances in the two funds. The fund balance decreased \$1,025,987.

**CITY OF LA GRANDE, OREGON**  
**Management's Discussion and Analysis**  
**June 30, 2018**

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**Governmental Activities – (continued)**

Urban Renewal Debt Fund - The fund balance increased by \$1,027,191 during the year. Revenues, were \$2,672,556, and expenses, including transfers out, were \$1,645,365. Prior year revenues and expenses were \$210,137 and \$786,146 respectively. The significant change in revenues and expenditures were attributed to the transfer of funds mentioned above. An increase in revenues were also seen as a result of the slight reduction in the under levy of property taxes.

In April 2018 Bond refunding was completed on the original Oregon Economic Development loan which is for the infrastructure at the La Grande Business Park. Market conditions at the time made it possible to issue refunding bonds for a savings over the period of the loan. This transaction created a one time effect on revenues and expenditures.

**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 (water, water reserves, sewer, 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 \$1,955,297. Reduced expenditures and increased capital from the Beaver Creek Project account for the majority of this increase in net position. Revenues were \$4,708,450 which included the Intrafund transfer of \$800,000. Expenses, including transfers out, were \$2,753,153 as compared to prior year revenues of \$3,893,190 and expenses of \$2,615,518.

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 \$885,433. Revenues, including transfers in, were \$4,302,568 and expenses, including transfers out, were \$3,417,135. Prior year revenues and expenses were \$6,868,161 and \$4,147,925 respectively. The prior year revenues reflected a one time transfer in from the Capital Equipment & Improvement Fund.

**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 \$32,757 from Street and Road Fund contingencies to Salaries and Benefits within the same fund for unforeseen salary benefit expenses specific to the fund. At year end the funds were not needed.

**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, 2018 was \$78,209,673 (net of accumulated depreciation) compared to the prior year net capital assets of \$77,340,803. 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 \$868,870 due to the Beaver Creek Dam Fish Passage and Stream Flow Restoration Project.

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, 2018**

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**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 \$4,559,278 in bonds (Including deferred premium) and notes outstanding. Total debt outstanding decreased by 8.2% over last year as shown in the table below. More detailed information about the City's long-term obligations is presented in Note III F beginning on page 30 of this report.

**OUTSTANDING DEBT**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>6/30/2017</b>	<b>6/30/2018</b>	<b>6/30/2017</b>	<b>6/30/2018</b>	<b>6/30/2017</b>	<b>6/30/2018</b>
Sewer Treatment	\$ -	\$ -	\$ 1,742,280	\$ 1,451,932	\$ 1,742,280	\$ 1,451,932
Oregon Economic Development	\$ 904,083	\$ -	\$ -	\$ -	\$ 904,083	\$ -
Oregon Infrastructure Financing Authority	\$ -	\$ 787,056	\$ -	\$ -	\$ -	\$ 787,056
Urban Renewal Bond 2012A	\$ 865,000	\$ 820,000	\$ -	\$ -	\$ 865,000	\$ 820,000
Urban Renewal Bond 2015A	\$ 1,435,000	\$ 1,370,000	\$ -	\$ -	\$ 1,435,000	\$ 1,370,000
Deferred Premium	\$ 24,349	\$ 130,290	\$ -	\$ -	\$ 24,349	\$ 130,290
<b>Totals</b>	<b>\$ 3,228,432</b>	<b>\$ 3,107,346</b>	<b>\$ 1,742,280</b>	<b>\$ 1,451,932</b>	<b>\$ 4,970,712</b>	<b>\$ 4,559,278</b>

**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, 2018**

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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 2018-2019.

1. Interest rates on investments are continuing to increase.
2. Most revenue projections are conservative based upon a projected status quo economy.
3. A moderate under levy of the amount of assessed value upon which Urban Renewal revenues are based.
4. The City would set aside portions of its fund balances for contingencies and emergency situations.

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, 2018**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 9,489,382	\$ 11,653,575	\$ 21,142,957
Receivables:			
Accounts, net	883,716	859,481	1,743,197
Property taxes	535,348	-	535,348
Assessments	57,003	23,505	80,508
Notes	708,757	-	708,757
Internal balances	(310,881)	310,881	-
Prepaid items	129,342	-	129,342
Inventories	53,832	771,109	824,941
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	-	359,816	359,816
Capital assets:			
Land	756,852	276,216	1,033,068
Infrastructure on modified approach	44,324,104	-	44,324,104
Construction in progress	68,299	1,724,224	1,792,523
Depreciable assets, net of depreciation	12,763,922	18,296,056	31,059,978
Total assets	69,459,676	34,274,863	103,734,539
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pension	1,289,848	-	1,289,848
Deferred outflows related to OPEB	138,661	48,029	186,690
Total deferred outflows of resources	1,428,509	48,029	1,476,538
Total assets and deferred outflows of resources	\$ 70,888,185	\$ 34,322,892	\$ 105,211,077
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	586,366	425,953	1,012,319
Accrued interest payable	16,113	5,108	21,221
Deposits	2,869	-	2,869
Retainage payable	3,415	16,902	20,317
Compensated absences	571,833	10,515	582,348
Long-term obligations:			
Due within one year	155,956	301,576	457,532
Due in more than one year	10,101,108	2,464,533	12,565,641
Total liabilities	11,437,660	3,224,587	14,662,247
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pension	229,825	-	229,825
Deferred inflows related to OPEB	164,509	59,899	224,408
Total deferred inflows of resources	394,334	59,899	454,233
<b>NET POSITION</b>			
Net investment in capital assets	54,805,831	18,844,564	73,650,395
Restricted for:			
Highways and streets	1,020,397	-	1,020,397
System development	186,717	4,869,071	5,055,788
Debt service	-	359,816	359,816
Urban Renewal District projects	1,212,122	-	1,212,122
Other grants and projects	479,233	-	479,233
Unrestricted	1,351,891	6,964,955	8,316,846
Total net position	59,056,191	31,038,406	90,094,597
Total liabilities, deferred inflows, and net position	\$ 70,888,185	\$ 34,322,892	\$ 105,211,077

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, 2018**

		Program Revenues			Net (Expense) Revenue and Change in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 912,410	\$ 125,943	\$ -	\$ 43,573	\$ (742,894)	\$ -	\$ (742,894)
Police department	3,381,757	332,770	320,000	85,011	(2,643,976)	-	(2,643,976)
Fire & EMS department	2,658,009	1,130,807	-	-	(1,527,202)	-	(1,527,202)
Community development	1,322,288	-	-	3,424	(1,318,864)	-	(1,318,864)
Public services	2,048,755	199,132	114,257	145,462	(1,589,904)	-	(1,589,904)
Highways and streets	1,397,053	450,014	853,031	-	(94,008)	-	(94,008)
Interest on long-term obligations	116,199	-	-	-	(116,199)	-	(116,199)
Total governmental activities	11,836,471	2,238,666	1,287,288	277,470	(8,033,047)	-	(8,033,047)
Business-type activities:							
Water	1,897,310	3,075,231	-	786,650	-	1,964,571	1,964,571
Sewer	2,539,935	3,442,958	-	4,144	-	907,167	907,167
Storm utility	255,584	211,808	-	28,128	-	(15,648)	(15,648)
Building inspection	611,741	610,621	-	-	-	(1,120)	(1,120)
Total business-type activities	5,304,570	7,340,618	-	818,922	-	2,854,970	2,854,970
Total primary government	\$17,141,041	\$ 9,579,284	\$1,287,288	\$1,096,392	(8,033,047)	2,854,970	(5,178,077)
General revenues:							
Property taxes levied for:							
General purposes					4,823,340	-	4,823,340
Debt service					726,794	-	726,794
Franchise and public services taxes					2,111,515	-	2,111,515
Interest and investment earnings					154,024	193,536	347,560
Miscellaneous					25,396	-	25,396
Transfers					124,969	(124,969)	-
Total general revenues and transfers					7,966,038	68,567	8,034,605
Change in net position					(67,009)	2,923,537	2,856,528
Net position, beginning as restated (see note IV.D)					59,123,200	28,114,869	87,238,069
Net position, ending					\$59,056,191	\$31,038,406	\$90,094,597

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.

#### **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, 2018**

	General Fund	Urban Renewal General Fund	Urban Renewal Debt Fund	Other Governmental Funds	Totals
<b>ASSETS</b>					
Cash and cash equivalents	\$ 4,841,298	\$ 162,401	\$ 1,042,933	\$ 2,927,759	\$ 8,974,391
Receivables:					
Property taxes	453,671	-	81,677	-	535,348
Accounts, net	724,019	-	-	159,697	883,716
Assessments	-	-	-	57,003	57,003
Notes	-	708,757	-	-	708,757
Inventory	-	-	-	49,352	49,352
Total assets	<u>\$ 6,018,988</u>	<u>\$ 871,158</u>	<u>\$ 1,124,610</u>	<u>\$ 3,193,811</u>	<u>\$11,208,567</u>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 405,542	\$ 1,240	\$ -	\$ 105,480	\$ 512,262
Deposits	-	-	-	2,869	2,869
Retainage payable	-	-	-	3,415	3,415
Total liabilities	<u>405,542</u>	<u>1,240</u>	<u>-</u>	<u>111,764</u>	<u>518,546</u>
<b>DEFERRED INFLOWS OF</b>					
Unavailable revenue	<u>766,188</u>	<u>708,757</u>	<u>73,649</u>	<u>70,700</u>	<u>1,619,294</u>
<b>FUND BALANCES</b>					
Restricted	-	161,161	1,050,961	1,686,347	2,898,469
Assigned	40,000	-	-	1,325,000	1,365,000
Unassigned	<u>4,807,258</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,807,258</u>
Total fund balances	<u>4,847,258</u>	<u>161,161</u>	<u>1,050,961</u>	<u>3,011,347</u>	<u>9,070,727</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,018,988</u>	<u>\$ 871,158</u>	<u>\$ 1,124,610</u>	<u>\$ 3,193,811</u>	<u>\$11,208,567</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, 2018**

<b>Fund balances - total governmental funds</b>	<b>\$</b>	<b>9,070,727</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		56,428,647
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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.		91,451
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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.		1,619,294
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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.		(2,589,972)
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Accrued compensated absences are not due and payable in the current period, and, therefore, are not reported in the funds.		(400,047)
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Accrued other postemployment benefits 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.		(3,525,571)
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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.		(16,113)
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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.		(3,107,346)
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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.		1,485,121
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<b>Net position of governmental activities</b>	<b>\$</b>	<b>59,056,191</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, 2018**

	General Fund	Urban Renewal General Fund	Urban Renewal Debt Fund	Other Governmental Funds	Totals
<b>REVENUES</b>					
Property taxes	\$ 4,857,358	\$ -	\$ 734,314	\$ -	\$ 5,591,672
Other taxes	551,902	-	-	-	551,902
Franchise fees	1,098,156	-	-	-	1,098,156
Assessments	-	-	-	37,365	37,365
Assessment Interest	-	6,603	-	-	6,603
Licenses and fees	22,816	-	-	-	22,816
Charges for services	1,510,252	-	-	428,744	1,938,996
Intergovernmental	460,275	-	-	1,249,323	1,709,598
Fines and forfeitures	105,422	-	-	-	105,422
Contributions	-	-	-	5,935	5,935
Interest on investments	82,139	-	21,405	45,424	148,968
Miscellaneous	103,127	364	-	158,977	262,468
<b>TOTAL REVENUES</b>	<u>8,791,447</u>	<u>6,967</u>	<u>755,719</u>	<u>1,925,768</u>	<u>11,479,901</u>
<b>EXPENDITURES</b>					
Current:					
General government	856,424	-	-	-	856,424
Police department	2,838,560	-	-	368,540	3,207,100
Fire & EMS department	2,246,507	-	-	80	2,246,587
Community development	319,403	284,347	8,473	-	612,223
Public services	1,551,276	-	-	29,536	1,580,812
Highways and streets	-	-	-	1,446,888	1,446,888
Capital outlay	106,859	453,717	-	180,226	740,802
Debt service	-	-	260,462	-	260,462
<b>TOTAL EXPENDITURES</b>	<u>7,919,029</u>	<u>738,064</u>	<u>268,935</u>	<u>2,025,270</u>	<u>10,951,298</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>872,418</u>	<u>(731,097)</u>	<u>486,784</u>	<u>(99,502)</u>	<u>528,603</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of property	-	237,044	-	-	237,044
Issuance of refunding debt	-	-	894,999	-	894,999
Payments to refund debt	-	-	(886,526)	-	(886,526)
Transfers in	-	489,904	1,021,838	303,750	1,815,492
Transfers out	(97,000)	(1,021,838)	(489,904)	(50,000)	(1,658,742)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(97,000)</u>	<u>(294,890)</u>	<u>540,407</u>	<u>253,750</u>	<u>402,267</u>
<b>NET CHANGE IN FUND BALANCE</b>	775,418	(1,025,987)	1,027,191	154,248	930,870
<b>FUND BALANCE, Beginning</b>	<u>4,071,840</u>	<u>1,187,148</u>	<u>23,770</u>	<u>2,857,099</u>	<u>8,139,857</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 4,847,258</u>	<u>\$ 161,161</u>	<u>\$ 1,050,961</u>	<u>\$ 3,011,347</u>	<u>\$ 9,070,727</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, 2018**

**Net change in fund balance - governmental funds** \$ 930,870

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 1,601

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.

1,014,083

Issuance of debt and bond premiums are financial resources in the governmental funds, but the issuance increases long-term liabilities in the Statement of Net Position.

(894,999)

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 (4,567)

    Change in compensated absences (19,880)

    Change in accrued interest payable 14,704

    Amortization of bond premium 2,002

    Change in other postemployment benefits and related deferred outflows and inflows (1,027)

    Change in pension asset (liability) and related deferred outflows and inflows (372,205)

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 501,489

    Basis of assets disposed (327,984)

    Depreciation expense (864,935)

    Capital asset transfers, net (774)

(692,204)

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.

(45,387)

**Change in net position - governmental activities** \$ (67,009)

**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, 2018**

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
<b>REVENUES</b>				
Property taxes	\$ 4,643,950	\$ 4,643,950	\$ 4,857,358	\$ 213,408
Other taxes	570,000	570,000	551,902	(18,098)
Franchise fees	1,156,824	1,156,824	1,098,156	(58,668)
Licenses and fees	31,500	31,500	22,816	(8,684)
Charges for services	1,287,000	1,287,000	1,510,252	223,252
Intergovernmental	398,000	398,000	460,275	62,275
Fines and forfeitures	61,500	61,500	105,422	43,922
Interest on investments	30,000	30,000	82,139	52,139
Miscellaneous	435,904	435,904	387,474	(48,430)
<b>TOTAL REVENUES</b>	<u>8,614,678</u>	<u>8,614,678</u>	<u>9,075,794</u>	<u>461,116</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,773,584	1,773,584	1,584,786	188,798
Police department	3,070,890	3,070,890	2,838,560	232,330
Fire & EMS department	2,379,578	2,379,578	2,246,507	133,071
Community development	653,810	653,810	547,811	105,999
Public works	1,607,977	1,607,977	1,551,276	56,701
Capital outlay	155,000	155,000	106,859	48,141
Contingency	300,000	300,000	-	300,000
<b>TOTAL EXPENDITURES</b>	<u>9,940,839</u>	<u>9,940,839</u>	<u>8,875,799</u>	<u>1,065,040</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,326,161)</u>	<u>(1,326,161)</u>	<u>199,995</u>	<u>1,526,156</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	673,424	673,424	672,423	(1,001)
Transfers out	(97,000)	(97,000)	(97,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>576,424</u>	<u>576,424</u>	<u>575,423</u>	<u>(1,001)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(749,737)</u>	<u>(749,737)</u>	<u>775,418</u>	<u>1,525,155</u>
<b>FUND BALANCE, Beginning</b>	<u>3,379,353</u>	<u>3,379,353</u>	<u>4,071,840</u>	<u>692,487</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 2,629,616</u>	<u>\$ 2,629,616</u>	<u>\$ 4,847,258</u>	<u>\$ 2,217,642</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, 2018**

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
<b>REVENUES</b>				
Assessment Interest	\$ 8,004	\$ 8,004	\$ 6,603	\$ (1,401)
Miscellaneous	-	-	364	364
<b>TOTAL REVENUES</b>	<u>8,004</u>	<u>8,004</u>	<u>6,967</u>	<u>(1,037)</u>
<b>EXPENDITURES</b>				
Current:				
Community development:				
Materials and services	393,594	393,594	284,347	109,247
Capital outlay	1,179,493	1,179,493	453,717	725,776
Contingency	<u>46,128</u>	<u>46,128</u>	<u>-</u>	<u>46,128</u>
<b>TOTAL EXPENDITURES</b>	<u>1,619,215</u>	<u>1,619,215</u>	<u>738,064</u>	<u>881,151</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,611,211)</u>	<u>(1,611,211)</u>	<u>(731,097)</u>	<u>880,114</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of property	-	-	237,044	237,044
Transfers in	1,600,000	1,600,000	489,904	(1,110,096)
Transfers out	<u>(1,021,838)</u>	<u>(1,021,838)</u>	<u>(1,021,838)</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>578,162</u>	<u>578,162</u>	<u>(294,890)</u>	<u>(873,052)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(1,033,049)</u>	<u>(1,033,049)</u>	<u>(1,025,987)</u>	<u>7,062</u>
<b>FUND BALANCE, Beginning</b>	<u>1,283,049</u>	<u>1,283,049</u>	<u>1,187,148</u>	<u>(95,901)</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ 161,161</u>	<u>\$ (88,839)</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, 2018**

	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	\$ 2,980,164	\$ 7,151,899	\$ 1,521,512	\$11,653,575	\$ 514,991
Receivables:					
Accounts, net	359,026	475,943	24,512	859,481	-
Assessments	10,351	13,154	-	23,505	-
Prepaid items	-	-	-	-	37,891
Inventories	733,137	37,972	-	771,109	4,480
Total current assets	<u>4,082,678</u>	<u>7,678,968</u>	<u>1,546,024</u>	<u>13,307,670</u>	<u>557,362</u>
Noncurrent assets:					
Restricted cash and cash equivalents	-	359,816	-	359,816	-
Capital assets:					
Land	82,573	193,643	-	276,216	-
Construction in progress	1,428,118	296,106	-	1,724,224	-
Depreciable assets, net of depreciation	5,001,055	12,242,239	1,052,762	18,296,056	1,484,530
Total noncurrent assets	<u>6,511,746</u>	<u>13,091,804</u>	<u>1,052,762</u>	<u>20,656,312</u>	<u>1,484,530</u>
Total assets	<u>10,594,424</u>	<u>20,770,772</u>	<u>2,598,786</u>	<u>33,963,982</u>	<u>2,041,892</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>					
Deferred outflows related to OPEB	17,806	23,042	7,181	48,029	-
Total deferred outflows of resources	<u>17,806</u>	<u>23,042</u>	<u>7,181</u>	<u>48,029</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 10,612,230</u>	<u>\$ 20,793,814</u>	<u>\$ 2,605,967</u>	<u>\$34,012,011</u>	<u>\$ 2,041,892</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	\$ 37,096	\$ 370,195	\$ 18,662	\$ 425,953	\$ 74,104
Accrued interest payable	-	5,108	-	5,108	-
Retainage payable	4,074	12,828	-	16,902	-
Compensated absences payable	-	-	10,515	10,515	171,786
Current portion of long-term debt	-	301,576	-	301,576	-
Total current liabilities	<u>41,170</u>	<u>689,707</u>	<u>29,177</u>	<u>760,054</u>	<u>245,890</u>
Long-term obligations, net of current portion					
Notes and contracts payable	-	1,150,356	-	1,150,356	-
Other postemployment benefits	487,201	630,492	196,484	1,314,177	-
Total non-current liabilities	<u>487,201</u>	<u>1,780,848</u>	<u>196,484</u>	<u>2,464,533</u>	<u>-</u>
Total liabilities	<u>528,371</u>	<u>2,470,555</u>	<u>225,661</u>	<u>3,224,587</u>	<u>245,890</u>
<b>DEFERRED INFLOW OF RESOURCES</b>					
Deferred inflows related to OPEB	22,206	28,737	8,956	59,899	-
Total deferred inflows of resources	<u>22,206</u>	<u>28,737</u>	<u>8,956</u>	<u>59,899</u>	<u>-</u>
<b>NET POSITION</b>					
Net investment in capital assets	6,511,746	11,280,056	1,052,762	18,844,564	1,484,530
Restricted for system development	1,137,411	3,586,426	145,234	4,869,071	-
Restricted for debt service	-	359,816	-	359,816	-
Unrestricted	2,412,496	3,068,224	1,173,354	6,654,074	311,472
Total net position	<u>10,061,653</u>	<u>18,294,522</u>	<u>2,371,350</u>	<u>30,727,525</u>	<u>1,796,002</u>
Total liabilities, deferred inflows, and net position	<u>\$ 10,612,230</u>	<u>\$ 20,793,814</u>	<u>\$ 2,605,967</u>	<u>\$34,012,011</u>	<u>\$ 2,041,892</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, 2018**

<b>Net position - total enterprise funds</b>	\$ 30,727,525
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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>310,881</u>
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<b>Net position of business - type activities</b>	<u><u>\$ 31,038,406</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, 2018**

	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	\$ 3,062,775	\$ 3,406,451	\$ 211,808	\$ 6,681,034	\$ 3,083,683
Licenses and fees	-	-	609,935	609,935	-
Miscellaneous	12,455	36,507	686	49,648	25,396
<b>TOTAL OPERATING REVENUES</b>	<u>3,075,230</u>	<u>3,442,958</u>	<u>822,429</u>	<u>7,340,617</u>	<u>3,109,079</u>
<b>OPERATING EXPENSES</b>					
Personal services	462,300	733,962	324,594	1,520,856	2,762,294
Materials and services	1,017,206	1,085,969	450,784	2,553,959	231,066
Depreciation	395,272	624,010	76,311	1,095,593	187,354
<b>TOTAL OPERATING EXPENSES</b>	<u>1,874,778</u>	<u>2,443,941</u>	<u>851,689</u>	<u>5,170,408</u>	<u>3,180,714</u>
<b>OPERATING INCOME (LOSS)</b>	<u>1,200,452</u>	<u>999,017</u>	<u>(29,260)</u>	<u>2,170,209</u>	<u>(71,635)</u>
<b>NON-OPERATING INCOME (EXPENSES)</b>					
Gain (loss) on disposal of capital assets	-	-	-	-	(10,182)
Interest on investments	46,570	124,302	22,664	193,536	5,058
Interest expense	-	(71,784)	-	(71,784)	-
<b>TOTAL NON-OPERATING</b>	<u>46,570</u>	<u>52,518</u>	<u>22,664</u>	<u>121,752</u>	<u>(5,124)</u>
<b>NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<u>1,247,022</u>	<u>1,051,535</u>	<u>(6,596)</u>	<u>2,291,961</u>	<u>(76,759)</u>
<b>CAPITAL CONTRIBUTIONS</b>					
Intergovernmental	769,900	-	10,000	779,900	-
Assessments	16,750	22,273	-	39,023	-
Capital asset transfers	-	-	31,781	31,781	(31,007)
<b>TRANSFERS</b>					
Transfers In	800,000	713,035	195,000	1,708,035	-
Transfers out	(878,375)	(901,410)	(85,000)	(1,864,785)	-
<b>CHANGE IN NET POSITION</b>	<u>1,955,297</u>	<u>885,433</u>	<u>145,185</u>	<u>2,985,915</u>	<u>(107,766)</u>
<b>NET POSITION, Beginning as restated (see note IV.D)</b>	<u>8,106,356</u>	<u>17,409,089</u>	<u>2,226,165</u>	<u>27,741,610</u>	<u>1,903,768</u>
<b>NET POSITION, Ending</b>	<u><u>\$ 10,061,653</u></u>	<u><u>\$ 18,294,522</u></u>	<u><u>\$ 2,371,350</u></u>	<u><u>\$ 30,727,525</u></u>	<u><u>\$ 1,796,002</u></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, 2018**

<b>Change in net position - total enterprise funds</b>	\$ 2,985,915
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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.

(63,378)

<b>Change in net position of business - type activities</b>	<u><u>\$ 2,922,537</u></u>
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**CITY OF LA GRANDE, OREGON**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2018**

	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	\$ 3,152,605	\$ 3,535,808	\$ 843,191	\$ 7,531,604	\$ 25,396
Receipts from interfund services provided	-	-	-	-	3,083,683
Payments to suppliers	(411,149)	(377,367)	(310,986)	(1,099,502)	(1,119,210)
Payments to employees	-	-	(210,596)	(210,596)	(1,741,877)
Payments for interfund services used	(1,468,452)	(1,415,403)	(215,788)	(3,099,643)	(153,719)
Net cash provided from (used by) operating activities	<u>1,273,004</u>	<u>1,743,038</u>	<u>105,821</u>	<u>3,121,863</u>	<u>94,273</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers in	800,000	713,035	195,000	1,708,035	-
Transfers out	(878,375)	(901,410)	(85,000)	(1,864,785)	-
Net cash provided from (used by) non-capital financing activities	<u>(78,375)</u>	<u>(188,375)</u>	<u>110,000</u>	<u>(156,750)</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Proceeds from intergovernmental revenue	769,900	-	10,000	779,900	-
Assessments principal collections	6,399	9,119	-	15,518	-
Acquisition of capital assets	(1,720,565)	(365,436)	-	(2,086,001)	(295,851)
Principal paid on long-term obligations	-	(290,348)	-	(290,348)	-
Interest paid on long-term obligations	-	(72,687)	-	(72,687)	-
Net cash provided from (used by) capital and related financing activities	<u>(944,266)</u>	<u>(719,352)</u>	<u>10,000</u>	<u>(1,653,618)</u>	<u>(295,851)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest on investments	<u>46,570</u>	<u>124,302</u>	<u>22,664</u>	<u>193,536</u>	<u>5,058</u>
Net cash provided (used) by investing activities	<u>46,570</u>	<u>124,302</u>	<u>22,664</u>	<u>193,536</u>	<u>5,058</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	296,933	959,613	248,485	1,505,031	(196,520)
<b>CASH AND CASH EQUIVALENTS, Beginning</b>	<u>2,683,231</u>	<u>6,552,102</u>	<u>1,273,027</u>	<u>10,508,360</u>	<u>711,511</u>
<b>CASH AND CASH EQUIVALENTS, Ending</b>	<u>\$ 2,980,164</u>	<u>\$ 7,511,715</u>	<u>\$ 1,521,512</u>	<u>\$12,013,391</u>	<u>\$ 514,991</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, 2018**

	Business-type Activities - Enterprise Funds				Governmental
	All Water Funds	All Sewer Funds	Other Enterprise Funds	Totals	Activities Internal Service Funds
<b>Reconciliation of operating income (loss) to net cash provided from (used by) operating activities</b>					
Operating income (loss)	\$ 1,200,452	\$ 999,017	\$ (29,260)	\$ 2,170,209	\$ (71,635)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	395,272	624,010	76,311	1,095,593	187,354
(Increase) decrease in assets:					
Receivables	77,375	92,851	20,762	190,988	-
Inventories	(396,642)	(1,533)	-	(398,175)	-
Deferred outflows related to OPEB	(3,410)	(4,412)	(2,494)	(10,316)	-
Increase (decrease) in liabilities:					
Accounts payable and accrued expenses	(25,461)	215	(6,300)	(31,546)	(323)
Compensated absences payable	-	-	(1,043)	(1,043)	(21,123)
Other postemployment benefits	3,212	4,153	38,889	46,254	-
Deferred inflows related to OPEB	22,206	28,737	8,956	59,899	-
Net cash provided from operating activities	<u>\$ 1,273,004</u>	<u>\$ 1,743,038</u>	<u>\$ 105,821</u>	<u>\$ 3,121,863</u>	<u>\$ 94,273</u>
<b>Non cash investing and financing</b>					
Capital asset transfers	-	-	31,781	31,781	(31,007)
Total noncash investing, capital and financing activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,781</u>	<u>\$ 31,781</u>	<u>\$ (31,007)</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, 2018**

**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 *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, 2018, 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.

## **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, \$956,770 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, 2018, 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.

### 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, 2018. 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, 2018, the carrying amount for the City's deposits was \$119,301 and the bank balance was \$368,441. All deposits are held in the name of the City. Of the bank balances \$250,000 was covered by federal depository insurance. The remaining \$118,441 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, 2018 are as follows:

	<u>Maturity</u>	<u>Percentage of Portfolio</u>	<u>Carrying Amount/ Fair Value</u>
Local Government Investment Pool	1 day	100%	\$ 21,382,272
Less amounts classified as cash equivalents			(21,382,272)
Total Investments			<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	119,301
Local Government Investment Pool	21,382,272
Total cash and cash equivalents	<u>\$ 21,502,773</u>
<b>Funds:</b>	
<u>Governmental Activities</u>	
General	\$ 4,841,298
Urban Renewal General	162,401
Urban Renewal Debt	1,042,933
Other Governmental Funds	2,927,759
Internal Service funds	514,991
Total Governmental Activities	<u>9,489,382</u>
<u>Business-Type Activities</u>	
Water	2,980,163
All Sewer Funds (\$359,816 restricted)	7,511,715
Other Enterprise Funds	1,521,513
Total Business-Type Activities	<u>12,013,391</u>
Total cash and cash equivalents	<u>\$ 21,502,773</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	URA General	URA Debt	Other Governmental Funds	Total Governmental Activities
Property taxes	\$ 453,671	\$ -	\$ 81,677	\$ -	\$ 535,348
Accounts	503,474	-	-	50,940	554,414
Intergovernmental	112,449	-	-	110,541	222,990
Fines and assessments	495,841	-	-	57,003	552,844
Notes	-	708,757	-	-	708,757
	<u>1,565,435</u>	<u>708,757</u>	<u>81,677</u>	<u>218,484</u>	<u>2,574,353</u>
Less: Allowance for doubtful accounts	<u>(387,745)</u>	<u>-</u>	<u>-</u>	<u>(1,784)</u>	<u>(389,529)</u>
Total	<u>\$ 1,177,690</u>	<u>\$ 708,757</u>	<u>\$ 81,677</u>	<u>\$ 216,700</u>	<u>\$ 2,184,824</u>

Receivables as of June 30, 2018 for the business-type activities individual major funds are as follows:

	Water	All Sewer	Other Enterprise Funds	Total Business-Type Activities
Accounts	\$ 393,477	\$ 513,974	\$ 25,402	\$ 932,853
Assessments	10,351	13,154	-	23,505
Less: Allowance for doubtful accounts	<u>(34,451)</u>	<u>(38,031)</u>	<u>(890)</u>	<u>(73,372)</u>
Total Business-type Activities	<u>\$ 369,377</u>	<u>\$ 489,097</u>	<u>\$ 24,512</u>	<u>\$ 882,986</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 2017-2018, the City levied property taxes in the net amount of \$4,924,921 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, 2018 was \$719,897,101. The La Grande Urban Renewal Agency, a blended component unit of the City, levied taxes its maximum taxing authority. After reductions for offsets and additional taxes and penalties, this resulted in a net levy of \$740,346.

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 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 13th 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 \$27,515. The final \$13,757 was 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 13th 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. The loan accrues interest at 5% compound annually. Payments for the first twelve months are interest only and starting with the 13th 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, 2018, 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	\$ -	\$ (122,916)	\$ 756,852
Construction in progress	18,970	68,299	(18,970)	68,299
Infrastructure	44,324,104	-	-	44,324,104
Total capital assets, not being depreciated	45,222,842	68,299	(141,886)	45,149,255
Capital assets, being depreciated:				
Land Improvements	6,041,178	70,000	(27,946)	6,083,232
Buildings	11,733,348	122,570	(61,158)	11,794,760
Equipment	9,485,278	573,437	(340,119)	9,718,596
Total capital assets, being depreciated	27,259,804	766,007	(429,223)	27,596,588
Accumulated depreciation for:				
Land Improvements	(3,850,764)	(290,331)	27,946	(4,113,149)
Buildings	(4,296,236)	(276,415)	18,258	(4,554,393)
Equipment	(5,997,571)	(485,541)	317,988	(6,165,124)
Total accumulated depreciation	(14,144,571)	(1,052,287)	364,192	(14,832,666)
Total capital assets, being depreciated, net	13,115,233	(286,280)	(65,031)	12,763,922
Governmental activities capital assets, net	<u>\$ 58,338,075</u>	<u>\$ (217,981)</u>	<u>\$ (206,917)</u>	<u>\$ 57,913,177</u>

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

#### Governmental activities

General government	\$ 14,454
Police Department	88,327
Fire Department	194,108
Community Development	165,477
Public Services	401,135
Street & Road Maintenance	188,786
Total depreciation expense - governmental activities	<u>\$ 1,052,287</u>

Included in the Governmental Activities Street & Road Maintenance depreciation expense is depreciation expense reported for the Internal Service Funds – Motor Pool Fund of \$187,354.

Capital asset activity for the business-type activities for the year ended June 30, 2018 was as follows:

	<b><u>Beginning Balance</u></b>	<b><u>Additions</u></b>	<b><u>Deletion/ Transfer</u></b>	<b><u>Ending Balance</u></b>
Capital assets, not being depreciated:				
Land	\$ 276,216	-	\$ -	\$ 276,216
Construction in progress	140,161.00	1,584,063	-	1,724,224
 Total capital assets, not being depreciated	 416,377	 1,584,063	 -	 2,000,440
Capital assets, being depreciated:				
Buildings	78,743	-	(3,389)	75,354
Equipment	252,317	26,790	42,900	322,007
Water & Sewer System	35,676,822	746,725	-	36,423,547
 Total capital assets, being depreciated	 36,007,882	 773,515	 39,511	 36,820,908
Less accumulated depreciation for:				
Buildings	(32,921)	(1,657)	3,389	(31,189)
Equipment	(228,509)	(17,278)	(11,119)	(256,906)
Water & Sewer System	(17,160,099)	(1,076,658)	-	(18,236,757)
 Total accumulated depreciation	 (17,421,529)	 (1,095,593)	 (7,730)	 (18,524,852)
 Total capital assets, being depreciated, net	 18,586,353	 (322,078)	 31,781	 18,296,056
 Business-type activities capital assets, net	 <u>\$ 19,002,730</u>	 <u>\$ 1,261,985</u>	 <u>\$ 31,781</u>	 <u>\$ 20,296,496</u>

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

Business-type activities

Water	\$ 395,272
All Sewer	624,010
Storm Sewer	65,534
Building Inspection	10,777
 Total depreciation expense - business-type activities	 <u>\$ 1,095,593</u>



#### D. Deferred Outflows 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. The deferred amount relating to pensions and other post-employment benefits (OPEB) is recognized as an outflow of resources in the period when the City's recognizes expense/expenditures. Governmental activities reported on the government-wide statement of Net Position related to pensions is \$1,289,848 and related to OPEB is \$138,661. Deferred outflows of resources for the business-type activities amount for OPEB was \$17,806 for Water; \$23,042 for Sewer Fund; \$7,181 for other Enterprise Funds. The City did not report any Deferred Outflows related to pension for business type activities.

#### E. Deferred Inflows of Resources

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.

At June 30, 2018, the governmental funds report unavailable revenues from the following sources:

	General	Urban Renewal General	Urban Renewal Debt	Other Governmental Funds	Totals
Property taxes	\$ 413,105	\$ -	\$ 73,649	\$ -	\$ 486,754
Accounts	239,943	-	-	13,698	253,641
Fines and assessments	113,140	-	-	57,002	170,142
Notes	-	708,757	-	-	708,757
	<u>\$ 766,188</u>	<u>\$ 708,757</u>	<u>\$ 73,649</u>	<u>\$ 70,700</u>	<u>\$ 1,619,294</u>

#### F. 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 principle 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 3.00% to 5.25%. On April 10, 2018 the remaining balance of \$867,702 was refunded and refinanced for \$787,056. The loan repayment dates and payoff date remained the same. The refinance was issued with a bond premium of \$107,943 and resulted in a total cash savings of \$115,930 over the life of the loan.

Future annual requirements are as follows:

Year Ended June 30,	Principal	Interest
2019	\$ 40,956	\$ 29,185
2020	41,209	36,644
2021	36,488	34,965
2022	36,748	33,205
2023	37,085	31,368
2024-2028	230,830	125,687
2029-2033	296,851	62,165
2034	66,889	3,316
	<u>\$ 787,056</u>	<u>\$ 356,535</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
2019	\$ 115,000	\$ 69,525
2020	115,000	67,236
2021	115,000	64,790
2022	125,000	61,487
2023	125,000	57,875
2024-2028	680,000	224,138
2029-2033	805,000	98,826
2034	110,000	3,850
	<u>\$2,190,000</u>	<u>\$ 647,727</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
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>\$ 1,451,932</u>	<u>\$ 142,536</u>

### 4. Changes in Long-Term Obligations

Long-term obligation activity for the year ended June 30, 2018, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
Oregon Economic Development	\$ 904,083	\$ -	\$ 904,083	\$ -	\$ -
IFA Refunding	-	787,056	-	787,056	40,956
Urban Renewal Bond	2,300,000	-	110,000	2,190,000	115,000
Plus: Deferred Premium	24,349	-	2,002	130,290	-
Net pension liability	4,476,457	107,943	826,462	3,649,995	-
Net OPEB Obligation	2,543,470	956,253	-	3,499,723	-
Governmental activity Long-term obligations	<u>\$ 10,248,359</u>	<u>\$ 1,851,252</u>	<u>\$ 1,842,547</u>	<u>\$ 10,257,064</u>	<u>\$ 155,956</u>
<b>Business - type activities</b>					
Sewer Loan Payable	\$ 1,742,280	\$ -	\$ 290,348	\$ 1,451,932	\$ 301,576
Net OPEB Obligation	895,576	418,601	-	1,314,177	-
Business-type activity Long-term obligations	<u>\$ 2,637,856</u>	<u>\$ 418,601</u>	<u>\$ 290,348</u>	<u>\$ 2,766,109</u>	<u>\$ 301,576</u>

## G. Fund Balance Classifications

Fund balances by classification for the year ended June 30, 2018 were as follows:

	General Fund	Urban Renewal General	Urban Renewal Debt	Non-major Governmental Funds	Total Governmental Funds
<b>Fund Balance</b>					
<b>Restricted for:</b>					
911 Dispatch Services	\$ -	\$ -	\$ -	\$ 429,674	\$ 429,674
System Development	-	-	-	186,717	186,717
Highways and Streets	-	-	-	1,020,397	1,020,397
Various Grants	-	-	-	49,559	49,559
Urban Renewal Projects	-	161,161	1,050,961	-	1,212,122
<b>Assigned to:</b>					
System Development - Governmental	-	-	-	-	-
Various Activities	40,000	-	-	177,592	217,592
Capital Asset Reconstruction	-	-	-	1,147,408	1,147,408
<b>Unassigned</b>	<u>4,807,258</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,807,258</u>
<b>Total Fund Balance</b>	<u>\$4,847,258</u>	<u>\$ 161,161</u>	<u>\$1,050,961</u>	<u>\$ 3,011,347</u>	<u>\$ 9,070,727</u>

## H. 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 \$156,750.

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

	Transfers In	Transfers Out
<b>Governmental activities:</b>		
General	\$ -	\$ 97,000
Urban Renewal General	489,904	1,021,838
Urban Renewal Debt	1,021,838	489,904
Other Governmental	303,750	50,000
<b>Business-type activities:</b>		
Water	800,000	878,375
All Sewer	713,035	901,410
Other Enterprise	<u>195,000</u>	<u>85,000</u>
	<u>\$ 3,523,527</u>	<u>\$ 3,523,527</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, 2018 amounted to \$586,874. Of this amount, the employees paid \$38,579 and \$548,295 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, 2015 actuarial valuation, which became effective July 1, 2017. Employer contributions for the year ended June 30, 2018 were \$439,351, excluding \$10,419 to fund the retirement health insurance account (RHIA). The rates in effect for the fiscal year ended June 30, 2018, excluding the RHIA rates of .50% for Tier One/Tier and .43% OPSRP, were 20.61 percent for Tier One/Tier two Police and Fire, 13.34 percent for OPSRP Pension Program Police and Fire Members, and 6 percent for 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, 2018, the City reported a liability of \$3,649,995 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to June 30, 2017. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2017, the City's proportion was 0.02707704 percent, which decreased from its proportion of 0.02981855 percent as of June 30, 2016.

For the year ended June 30, 2018, the City's recognized pension expense (income) of \$745,358. 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	\$ 176,515	\$ -
Changes of assumptions	665,329	-
Net difference between projected and actual earnings on investments	37,604	-
Changes in proportionate share.	18,039	209,244
Difference's between employer contributions and employer's proportionate share of system contributions	24,445	20,581
Total (prior to post-MD contributions)	921,932	229,825
Contributions subsequent to the MD	367,916	-
Net Deferred Outflow/(Inflow) of Resources	<u>\$ 1,289,848</u>	<u>\$ 229,825</u>

\$367,916 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 next fiscal year. 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:	
2019	\$ 131,772
2020	425,282
2021	270,050
2022	(128,319)
2023	(6,678)
Total	<u>\$ 692,107</u>



## Actuarial assumptions

The employer contribution rates effective July 1, 2017, through June 30, 2019, 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, 2015 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2015
Measurement Date	June 30, 2017
Experience Study Report	2014, published September 23, 2015
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.5 percent
Long-Term Expected Rate of Return	7.5 percent
Discount Rate	7.5 percent
Projected Salary Increases	3.5 percent
Cost of Living Adjustments (COLA)	Blend 2.00% COLA and grade COLA (1.25%/0.15%) in accordance with moro decision, blend based on service
Mortality	<p><b>Health retirees and beneficiaries:</b> RP- 2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation.</p> <p><b>Active Members:</b> Mortality rates are a percentage of healthy retireee rates, that vary by group, as described in the valuation.</p> <p><b>Disabled retirees:</b> Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality rates.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual 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	Compounded Annual Return (Geometric)
Core Fixed Income	8.00%	4.00%
Short-Term Bonds	8.00%	3.61%
Bank/Leveraged Loans	3.00%	5.42%
High Yield Bonds	1.00%	6.20%
Large/Mid Cap US Equities	15.75%	6.70%
Small Cap US Equities	1.31%	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)	\$ 6,220,258	\$ 3,649,995	\$ 1,500,779

### **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 \$41,394 to the pension plan.

### **Changes in Plan Provisions During the Measurement Period**

There were no changes during the June 30, 2017 measurement period that require disclosures.

### **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. The effect on the City has not yet been determined.

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

For the fiscal year ended June 30, 2018, the City implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits other Than Pensions. This statement addresses how state and local governments should account for and report their costs and obligations related to Other Postemployment Benefits (OPEB). This Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agency Employers and Agent Multiple-Employer Plans.

The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. It 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.

The OPEB for the City combines two separate plans. The City provides an implicit rate subsidy for retiree Health Insurance Continuation (HIC) premiums, and a contribution to the State of Oregon's PERS cost-sharing multiple employer defined benefit plan Retirement Health Insurance Account.

### **City of La Grande Retiree Health Plan**

Plan Description. The District provides Other (than Pension) Post—Employment Benefits (OPEBs) with two main components, as follows:

- **Explicit Medical Benefits** – The City pays as portion of the medical premium for eligible retirees until Medicare eligibility. This explicit benefit is required to be valued under GASB Statement 75.
- **Implicit Medical Benefits** – In addition to the explicit medical benefits for certain retirees, continued medical coverage is offered to the City's eligible retirees and their spouses and dependents until Medicare eligibility. The active premium rate (whether paid by the City or by the retiree) still applies. However, in some cases the premium itself does not represent the full cost of covering these retirees (since they are older than the active population, retirees can be expected to generate higher medical claims and therefore higher premiums for the active population). This additional cost is called the “implicit rate subsidy” and is required to be valued under GASB 75.

**Retirement Eligibility.** The retiree must be eligible to receive benefits from Oregon PERS. Eligibility requirements for earliest retirement under Oregon PERS are as follows:

- Tier 1/Tier 2 members: Earlier of age 55, or any age with 30 years of service.
- OPSRP members: Age 55 with 5 years of service.

### **Explicit Medical Benefits**

**Eligibility.** Retirees meeting the following criteria are eligible:

- Retired from active service with at least 20 years of continuous service.
- Retired while eligible to receive a pension benefit from Oregon PERS or retired with at least 55 years of age under Employer-Sponsored retirement plan.
- 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

### **Health Care Benefits**

Retirees under age 65 and their spouses are eligible to receive the same medical and dental coverage as active employees. 90% of the retiree and spouse medical and dental premiums are paid by the employer.

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.

## **Implicit Employer Subsidies**

### ***Eligibility***

All employees of the Employer retiring from active service with a pension benefit payable immediately under Oregon PERS or another Employer-sponsored retirement plan.

The Employer's defined contribution retirement plan allows retirement at age 55 with 5 years of service.

### ***Health Care Benefits***

Retirees and their dependents under age 65 are allowed to continue the health care coverages received prior to retirement. Premiums for retirees are tiered and based upon the premium rates available to active employees. The retiree is responsible for any portion of the premiums not paid by the Employer.

The implicit employer subsidy is measured as the expected health care cost per retiree and dependent, less the gross premiums charged by the insurance carrier for that coverage. The subsidy is only measured for retirees and spouses younger than age 65, at which point such retirees and spouses typically become eligible for Medicare.

We are not aware of any additional implicit employer OPEB subsidies which result in GASB 75 liability.

Membership in the plan consisted of the following at July 1, 2016, the date of the latest actuarial valuation:

	<b>PERS Police &amp; Fire</b>	<b>PERS General Service</b>	<b>Employer Retirement Plan*</b>	<b>Total</b>
<b>Number of Members</b>				
Active	22	0	81	103
Retired Members	5	3	0	8
Spouse of Ineligible Retirees	-	3	0	3
Total	27	6	81	114
Spouse of Eligible Retirees	4	1	0	5
<b>Average Age</b>				
Active	46	0	46.4	46
Retired	57	61.3	0	58.8
<b>Average Service- Actives</b>				
PERS Service	16	0	N/A	12.7
Employer-only Service	17	0	12.4	13.3

	<b>Active Members</b>		<b>Retired Members**</b>
<b>Count as of August 1, 2014</b>	<b>105</b>	<b>Count as of August 1, 2014</b>	<b>13</b>
Retired with benefits	(3)	Retired with benefits	3
Terminated without benefits	(13)	Benefits ceased	(5)
New hires / newly eligible	14	Newly covered (generally spouses of former retirees)	-
Ineligible for benefits valued	-	Ineligible for benefits valued	-
<b>Count as of July 1, 2016</b>	<b>103</b>	<b>Count as of July 1, 2016</b>	<b>11</b>

\* Retirees are counted and valued under PERS assumptions.

\*\* Includes spouses of ineligible retirees.

### Total OPEB Liability

The City's total OPEB liability of \$4,823,195 was measured as of June 30, 2017 and was determined by an actuarial valuation as of July 1, 2016.

### Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2016 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all period included in the measurement unless otherwise specified.

Valuation Date	December 31, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.5 percent per year
Discount Rate	3.58 percent, based on a 20-year general obligation bond yield index published by The Bond Buyer.
Projected Salary Increases	3.5 percent per year
Health Cost Trend	Medical and vision: 2016-7%, 2018-6% and between 5% and 6.25% for the subsequent 40+ years.
Cost of Living Adjustments (COLA)	3.5 percent per year, based on general inflation and the likelihood of raises throughout participant careers.
Health Mortality	RP-2000 healthy white collar male and female mortality tables, set back one year for males. Mortality is projected on generational basis using Scale BB for males and females.

### Changes in Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2017	<u>\$ 4,905,313</u>
Changes for the year:	
Service cost	168,561
Interest on total OPEB liability	142,541
Effect of assumptions changes or inputs	(247,315)
Benefit payments	<u>(145,905)</u>
Net changes	<u>(82,118)</u>
Balance at June 30, 2018	<u><u>\$ 4,823,195</u></u>

*Sensitivity of the total OPEB liability to changes in the discount and trend rates.* The following presents the total OPEB liability of the City's, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58) percent) or 1-percentage-point higher (4.58) than the current discount rate:

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
<i>Total OPEB (asset) liability</i>	\$ 5,183,509	\$ 4,823,195	\$ 4,482,573

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.* The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a healthcare cost trend rates that are 1-percentage-point lower of 1-percentage-point higher than the current healthcare cost trend rate:



	<u>1% Decrease</u>	<u>Healthcare Current Trend Rate</u>	<u>1% Increase</u>
<i>Total OPEB liability</i>	\$ 4,368,987	\$ 4,823,195	\$ 5,341,781

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2018, the City recognized OPEB expense of \$283,623. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Changes of assumptions or inputs	\$ (219,836)	\$ -
Contributions subsequent to the measurement date	-	176,271
Net deferred (inflows) outflows of resources	<u>\$ (219,836)</u>	<u>\$ 176,271</u>

\$176,271 reported as deferred inflows of resources is related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the next fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in expense as follows:

Year ended June 30:

2019	\$ (27,479)
2020	(27,479)
2021	(27,479)
2022	(27,479)
2023	(27,479)
Thereafter	<u>(82,441)</u>
Total	<u>\$ (219,836)</u>

**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 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 governments are contractually required to contribute to RHIA at a rate assessed each year by OPERS, currently 0.50% of annual covered payroll for Tier 1 and Tier 2 employees and 0.43% 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 75. 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 for the years ended June 30, 2018 and 2017 were \$10,419 and \$11,070, respectively.

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

At June 30, 2018, the City reported an asset of \$9,295 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2017, and the total OPEB asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2015 rolled forward to June 30, 2017. The City's proportion of the net OPEB asset was based on a projection of the City's long-term share of contributions to the plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2017, the City's proportionate share was 0.02227249 percent, which was decreased from its proportionate share of 0.02361866 percent measured as of June 30, 2016.

For the year ended June 30, 2018, the City's recognized OPEB expense of \$49. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on investments	\$ -	\$ 4,305
Changes in proportionate share	-	267
Total (prior to post-MD contributions)	-	4,572
Contributions subsequent to the MD	10,419	-
Net Deferred Outflow (inflow) of resources	<u>\$ 10,419</u>	<u>\$ 4,572</u>

\$10,419 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB asset/liability in the next fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in expense as follows:

Year ended June 30:

2019	\$ (1,175)
2020	(1,175)
2021	(1,146)
2022	(1,076)
Total	<u>\$ (4,572)</u>

### Actuarial Assumptions

The RHIA plan is unaffected by health care cost trends since the benefit is limited to a \$60 monthly payment toward Medicare companion insurance premiums. Consequently, the disclosure of healthcare cost trend is not applicable. Other significant actuarial assumptions are as follows:

Valuation Date	December 31, 2015
Measurement Date	June 30, 2017
Experience Study Report	2014, published September 2015
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.5 percent
Long-Term Expected Rate of Return	7.5 percent
Discount Rate	7.5 percent
Projected Salary Increases	3.5 percent
Cost of Living Adjustments (COLA)	Blend 2.00% COLA and grade COLA (1.25%/0.15%) in accordance with more decision, blend based on service
Mortality	<p><b>Health retirees and beneficiaries:</b> RP- 2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation.</p> <p><b>Active Members:</b> Mortality rates are a percentage of healthy retiree rates, that vary by group, as described in the valuation.</p> <p><b>Disabled retirees:</b> Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality rates.</p>

### 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 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	Compounded Annual Return (Geometric)
Core Fixed Income	8.00%	4.00%
Short-Term Bonds	8.00%	3.61%
Bank/Leveraged Loans	3.00%	5.42%
High Yield Bonds	1.00%	6.20%
large/Mid Cap US Equities	15.75%	6.70%
Small Cap US Equities	1.31%	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%

## Discount rate

The discount rate used to measure the total OPEB liability was 7.5 percent. 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 plan invests was applied to all periods of projected benefit payments to determine the total OPEB asset.

## Depletion date projection

GASB 75 generally requires that a blended discount rate be used to measure the Total OPEB asset/liability. The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) 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.

### **Sensitivity of the City's Proportionate share of the net OPEB asset to changes in the discount rate**

The following presents the City's proportionate share of the net OPEB asset calculated using the discount rate of 7.5 percent, as well as what the City's proportionate share of the net OPEB 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:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
<i>Total OPEB (asset) liability</i>	\$ 1,296	\$ (9,295)	\$ (18,303)

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

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

### **Changes in Plan Provisions During the Measurement Period**

There were no changes during the June 30, 2017 measurement period that require disclosure.

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

At its July 28, 2017 meeting, the PERS Board lowered the assumed earnings rate to 7.2 percent. For member transactions, this rate took effect January 1, 2018. The effect on the City has not been determined.

### **Aggregate Net OPEB Asset/Liability and Deferred Outflows/Inflows**

The aggregate Net OPEB Asset/Liability was reported as a net liability in the financial statements. A summary of the aggregate Net OPEB Asset/Liability and Deferred Outflows/Inflows for the two plans is as follows:

	Net OPEB (Asset) Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
Health Insurance Continuation	\$ (4,823,195)	\$ 176,271	\$ (219,836)
Retirement health Insurance Account (RHIA)	9,295	10,419	(4,572)
Aggregate amounts related to OPEB	<u>\$ (4,813,900)</u>	<u>\$ 186,690</u>	<u>\$ (224,408)</u>

## Change in Accounting Principle

City of La Grande implemented GASB Statement 75 at June 30, 2018. The cumulative effect of these changes affected beginning fund balances as follows:

	Governmental Activities	Business-Type Activities
Net position - beginning (as originally reported)	<u>\$ 60,104,273</u>	<u>\$ 28,449,502</u>
Cumulative effect of change in accounting principle:		
OPEB RHIA	4,656	-
OPEB - implicit subsidy	<u>(985,729)</u>	<u>(334,633)</u>
Net position - beginning (as restated)	<u><u>\$ 59,123,200</u></u>	<u><u>\$ 28,114,869</u></u>

## 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.

The City of La Grande Urban Renewal Agency, committed funding of \$416,859 to plan projects, \$100,000 to targeted partnership projects, \$100,000 to the IOOF project, and \$117,782 to the Adams Avenue project for the 2018 fiscal year along with the annual budget process.

## F. Related Party Transactions

The Urban Renewal Agency paid the City of La Grande \$55,939 for administration and overhead and \$228,408 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, 2018. The City has no tax abatements that affect them directly at June 30, 2018. Tax abatements that affect the City indirectly are as follows:

Exemption Program	Project	Tax Abatement Amount
Union County - Enterprise Zone	Outdoors RV/Northwood R.E. (2nd line)	\$ 17,374
Union County - Enterprise Zone	Outdoors RV/Northwood R.E. (lamination bldg)	3,017
Union County - Enterprise Zone	Calico Ligh Weapons Systems	856
		<u>\$ 21,247</u>

## H. GASB Pronouncements

It is the City's policy to implement new GASB pronouncements no later than the required effective date. The City implemented GASB 75 related to other post-employment benefits, as described above in Note 12. Upcoming pronouncements, which may have an effect on the City, are listed below:

GASB Statement No. 87, Leases. This Statement was issued June 2017 to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments and increases the usefulness of governments' financial statements. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB Statement No. 87 will be effective for the City for fiscal year ending June 30, 2021.

GASB Statement No. 88, Certain Disclosures Related to Debt, Including Debt Borrowings and Direct Placements. This Statement was issued April 2018 to improve the information that is disclosed in notes to governmental financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. GASB Statement No. 88 will be effective for the City for the fiscal year ending June 30, 2019.

GASB Statement No. 89, Accounting for Interest Costs Incurred Before the End of a Construction Period. This statement was issued June 2018 to establish accounting requirements for interest cost incurred before the end of a construction period. The objectives of the Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. GASB Statement No. 89 will be effective for the City for fiscal year ending June 30, 2021.

## I. Construction In Progress

The City had three construction in progress projects at June 30, 2018:

1. Beaver Creek Fish Project – the City started this project in fiscal year 2017, which is being funded by multiple grants and the remaining portion by the City. The total project costs \$1,307,129, which will span over three fiscal years: 2017, 2018 and 2019. At the end of fiscal year 2018 the project was 94.7% completed recorded expenses of \$140,160 and \$1,287,957 for fiscal years 2017 and 2018



respectively. The remaining portion will be expensed in fiscal year 2019, once the project is completed.

2. 5<sup>th</sup> Street and Penn Avenue Reconstruction Project – this project started in the late Spring, 2018, in replacing sidewalks and improving roads in this intersection. The total project costs of \$381,655 are expected to span over fiscal year 2018 and 2019. At June 30, 2018 the project was approximately 18% complete for a total amount of \$68,299 which was in the Street Maintenance Fund. The project was completed in the summer of 2018.
3. Chlorine Contact Basin Building –The City began this project in March, 2018. The total project costs are going to span over fiscal year 2018 and 2019 totaling \$368,300. The current year expense is \$296,106, with the project 24.60 % completed. The project was completed in the fall of 2018.



## **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, 2018**

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Gravel	100	100	100
Oil Mat	73	73	73
Concrete	84	84	99
Major Asphalt	85	85	85
Minor Asphalt	73	73	73

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Gravel</b>					
Needed	-	-	-	-	-
Actual	-	-	-	-	-
<b>Oil Mat</b>					
Needed	223,469	-	-	564,582	140,000
Actual	223,469	-	-	564,582	140,000
<b>Concrete</b>					
Needed	-	-	-	-	-
Actual	-	-	-	-	-
<b>Major Asphalt</b>					
Needed	116,223	2,020,841	-	23,600	239,472
Actual	116,223	2,020,841	-	23,600	239,472
<b>Minor Asphalt</b>					
Needed	330,746	172,309	74,402	159,411	272,170
Actual	330,746	172,309	74,402	159,411	272,170

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**

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
City's proportion of the net pension liability (asset)	0.02707704%	0.03038888%	0.02846254%	0.02846254%	0.02846254%
City's proportionate share of the net pension liability (asset)	\$ 3,649,995	\$ 4,476,457	\$ 1,744,766	\$ (645,165)	\$ 1,452,485
City's covered-employee payroll	\$ 2,269,652	\$ 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	160.82%	200.74%	80.29%	-29.48%	70.13%
Plan fiduciary net position as a percentage of the total pension liability	83.12%	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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 439,351	\$ 373,737	\$ 373,147	\$ 371,348	\$ 383,769
Contributions in relation to the contractually required contributions	<u>(439,351)</u>	<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>	<u>\$ -</u>
City's covered-employee payroll	\$ 2,197,074	\$ 2,269,652	\$ 2,230,006	\$ 2,173,137	\$ 2,188,468
Contributions as a percentage of covered-employee payroll	20.00%	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**

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF NET OPEB LIABILITY (ASSET)  
OPERS RETIREMENT HEALTH INSURANCE ACCOUNT**

Last 10 Fiscal Years\*

Measurement Date June 30,	(a) City's proportion of the net OPEB pension liability (asset)	(b) City's proportionate share of the net OPEB pension liability (asset)	(c) City's covered payroll	(b/c) City's proportionate share of the OPEB pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2017	0.02227249%	\$ (9,295)	\$ 2,269,652	-0.41%	108.88%
2016	0.02361866%	\$ 6,414	\$ 2,230,006	0.29%	94.15%

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the to the measurement date.

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

**CITY OF LA GRANDE, OREGON**

**SCHEDULE OF CONTRIBUTIONS  
OPERS RETIREMENT HEALTH INSURANCE ACCOUNT**

Last 10 Fiscal Years\*

	2018	2017
Contractually required contributions	\$ 10,419	\$ 11,070
Contributions in relation to the contractually required contributions	10,419	11,070
Contribution deficiency (excess)	\$ -	\$ -
City's covered-employee payroll	\$ 2,197,074	\$ 2,269,652
Contributions as a percentage of covered-employee payroll	0.47%	0.49%

\* 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**  
**SCHEDULE OF CHANGES IN THE CITY'S OPEB LIABILITY AND RELATED RATIOS**  
Last 10 Fiscal Years\*

	<u>2018</u>	<u>2017</u>
Total OPEB liability		
Service cost	\$ 168,561	N/A
Interest	142,541	N/A
Effect of changes to benefit terms		
Differences between expected and actual experience		
Effect of assumptions changes or inputs	(247,315)	N/A
Benefit Payments	<u>(145,905)</u>	<u>N/A</u>
Net change in total OPEB liability	(82,118)	N/A
Total OPEB liability - beginning	<u>4,905,313</u>	<u>N/A</u>
Net OPEB liability - Ending	<u>\$ 4,823,195</u>	<u>\$ 4,905,313</u>
Covered-employee payroll	<u>\$ 6,055,008</u>	<u>\$ 5,824,974</u>
Total OPEB liability, as a percentage of covered-employee payroll	79.66%	84.21%

\* 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, 2018**

**A. Other Post-Employment Benefits**

**Changes of Assumptions**

The City's health insurance continuation OPEB liability calculation uses the Bond Buyer 20 Year General Obligation Bond Index for the discount rate. The discount rate in effect for the June 30, 2017 reporting date is 2.85% and the discount in effect for the June 30, 2018 reporting date is 3.58%



## **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.
- *Street Maintenance* – accounts for the cost of maintaining City streets. Principal sources of revenues are the street maintenance fee and interest income.
- *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, 2018**

	Special Revenue				Capital Projects		
	Street & Road	Street Maintenance	Grants & Donations	911 Emergency	Capital Equipment & Improvement Fund	General Building/Equipment Reserve	Totals
<b>ASSETS</b>							
Cash and cash equivalents	\$ 413,661	\$ 539,673	\$ 201,848	\$ 438,452	\$ 499,512	\$ 834,613	\$ 2,927,759
Receivables:							
Accounts	81,651	49,156	28,890	-	-	-	159,697
Assessments	-	-	-	-	57,003	-	57,003
Inventory	49,352	-	-	-	-	-	49,352
Total assets	<u>\$ 544,664</u>	<u>\$ 588,829</u>	<u>\$ 230,738</u>	<u>\$ 438,452</u>	<u>\$ 556,515</u>	<u>\$ 834,613</u>	<u>\$ 3,193,811</u>
<b>LIABILITIES</b>							
Accounts payable and accrued liabilities	\$ 10,105	\$ 85,879	\$ 718	\$ 8,778	\$ -	\$ -	\$ 105,480
Retainage payable	-	3,415	-	-	-	-	3,415
Deposits	-	-	2,869	-	-	-	2,869
Total liabilities	<u>10,105</u>	<u>89,294</u>	<u>3,587</u>	<u>8,778</u>	<u>-</u>	<u>-</u>	<u>111,764</u>
<b>DEFERRED INFLOWS</b>							
Unavailable revenue	-	13,697	-	-	57,003	-	70,700
<b>FUND BALANCES</b>							
Restricted	534,559	485,838	49,559	429,674	-	186,717	1,686,347
Assigned	-	-	177,592	-	499,512	647,896	1,325,000
Total fund balances	<u>534,559</u>	<u>485,838</u>	<u>227,151</u>	<u>429,674</u>	<u>499,512</u>	<u>834,613</u>	<u>3,011,347</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 544,664</u>	<u>\$ 588,829</u>	<u>\$ 230,738</u>	<u>\$ 438,452</u>	<u>\$ 556,515</u>	<u>\$ 834,613</u>	<u>\$ 3,193,811</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, 2018**

	Special Revenue Funds				Capital Projects		
	Street & Road	Street Maintenance	Grants & Donations	911 Emergency	Capital Building & Improvement Fund	General Building/Equipment Reserve	Totals
<b>REVENUES</b>							
Assesments	\$ -	\$ -	\$ -	\$ -	\$ 37,365	\$ -	\$ 37,365
Charges for services	-	428,744	-	-	-	-	428,744
Intergovernmental	853,031	-	76,292	320,000	-	-	1,249,323
Contributions	-	-	5,935	-	-	-	5,935
Interest on investments	6,444	8,082	4,188	5,038	7,637	14,035	45,424
Miscellaneous	26,322	117,756	3,860	14	-	11,025	158,977
<b>TOTAL REVENUES</b>	<u>885,797</u>	<u>554,582</u>	<u>90,275</u>	<u>325,052</u>	<u>45,002</u>	<u>25,060</u>	<u>1,925,768</u>
<b>EXPENDITURES</b>							
Current:							
Police department	-	-	10,589	357,951	-	-	368,540
Fire & EMS department	-	-	80	-	-	-	80
Public services	-	-	29,536	-	-	-	29,536
Highways and streets	1,052,174	394,714	-	-	-	-	1,446,888
Capital outlay	-	-	64,935	10,225	7,546	97,520	180,226
<b>TOTAL EXPENDITURES</b>	<u>1,052,174</u>	<u>394,714</u>	<u>105,140</u>	<u>368,176</u>	<u>7,546</u>	<u>97,520</u>	<u>2,025,270</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(166,377)</u>	<u>159,868</u>	<u>(14,865)</u>	<u>(43,124)</u>	<u>37,456</u>	<u>(72,460)</u>	<u>(99,502)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	156,750	-	-	-	50,000	97,000	303,750
Transfers out	-	(50,000)	-	-	-	-	(50,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>156,750</u>	<u>(50,000)</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>97,000</u>	<u>253,750</u>
<b>NET CHANGE IN FUND BALANCE</b>	(9,627)	109,868	(14,865)	(43,124)	87,456	24,540	154,248
<b>FUND BALANCE, Beginning</b>	<u>544,186</u>	<u>375,970</u>	<u>242,016</u>	<u>472,798</u>	<u>412,056</u>	<u>810,073</u>	<u>2,857,099</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 534,559</u>	<u>\$ 485,838</u>	<u>\$ 227,151</u>	<u>\$ 429,674</u>	<u>\$ 499,512</u>	<u>\$ 834,613</u>	<u>\$ 3,011,347</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, 2018**

	Building Inspection	Storm Utility	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 989,680	\$ 531,832	\$ 1,521,512
Receivables:			
Accounts	<u>-</u>	<u>24,512</u>	<u>24,512</u>
Total current assets	<u>989,680</u>	<u>556,344</u>	<u>1,546,024</u>
Noncurrent assets:			
Capital assets:			
Depreciable assets, net of depreciation	<u>28,515</u>	<u>1,024,247</u>	<u>1,052,762</u>
Total noncurrent assets	<u>28,515</u>	<u>1,024,247</u>	<u>1,052,762</u>
Total assets	<u>1,018,195</u>	<u>1,580,591</u>	<u>2,598,786</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred outflow of resources related to OPEB	<u>7,181</u>	<u>-</u>	<u>7,181</u>
Total deferred outflow of resources	<u>7,181</u>	<u>-</u>	<u>7,181</u>
Total assets and deferred outflow of resources	<u><u>\$ 1,025,376</u></u>	<u><u>\$ 1,580,591</u></u>	<u><u>\$ 2,605,967</u></u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 17,353	\$ 1,309	\$ 18,662
Compensated absences payable	<u>10,515</u>	<u>-</u>	<u>10,515</u>
Total current liabilities	<u>27,868</u>	<u>1,309</u>	<u>29,177</u>
Long-term obligations, net of current portion:			
Other postemployment benefits	<u>196,484</u>	<u>-</u>	<u>196,484</u>
Total non-current liabilities	<u>196,484</u>	<u>-</u>	<u>196,484</u>
Total liabilities	<u>224,352</u>	<u>1,309</u>	<u>225,661</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred inflow of resources related to OPEB	<u>8,956</u>	<u>-</u>	<u>8,956</u>
Total deferred inflow of resources	<u>8,956</u>	<u>-</u>	<u>8,956</u>
<b>NET POSITION</b>			
Net investment in capital assets	28,515	1,024,247	1,052,762
Restricted for system development	-	145,234	145,234
Unrestricted	<u>763,553</u>	<u>409,801</u>	<u>1,173,354</u>
Total net position	<u>792,068</u>	<u>1,579,282</u>	<u>2,371,350</u>
Total liabilities, deferred inflows, and net position	<u><u>\$ 1,025,376</u></u>	<u><u>\$ 1,580,591</u></u>	<u><u>\$ 2,605,967</u></u>

See auditor's report.



**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, 2018**

	Building Inspection	Storm Utility	Total
<b>OPERATING REVENUES</b>			
Charges for services	\$ -	\$ 211,808	\$ 211,808
Licenses and fees	609,935	-	609,935
Miscellaneous	686	-	686
<b>TOTAL OPERATING REVENUES</b>	<u>610,621</u>	<u>211,808</u>	<u>822,429</u>
<b>OPERATING EXPENSES</b>			
Personal services	324,594	-	324,594
Materials and services	275,641	175,143	450,784
Depreciation	10,777	65,534	76,311
<b>TOTAL OPERATING EXPENSES</b>	<u>611,012</u>	<u>240,677</u>	<u>851,689</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(391)</u>	<u>(28,869)</u>	<u>(29,260)</u>
<b>NON-OPERATING INCOME (EXPENSES)</b>			
Interest on investments	15,647	7,017	22,664
<b>TOTAL NON-OPERATING INCOME (EXPENSES)</b>	<u>15,647</u>	<u>7,017</u>	<u>22,664</u>
<b>NET INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS</b>	<u>15,256</u>	<u>(21,852)</u>	<u>(6,596)</u>
<b>CAPITAL CONTRIBUTIONS</b>			
Intergovernmental	-	10,000	10,000
Capital asset transfers	31,781	-	31,781
<b>TRANSFERS</b>			
Transfers In	5,000	190,000	195,000
Transfers out	(5,000)	(80,000)	(85,000)
<b>TOTAL TRANSFERS AND CAPITAL CONTRIBUTIONS</b>	<u>31,781</u>	<u>120,000</u>	<u>151,781</u>
<b>CHANGE IN NET POSITION</b>	47,037	98,148	145,185
<b>NET POSITION, Beginning, as restated (see note IV.D)</b>	<u>745,031</u>	<u>1,481,134</u>	<u>2,226,165</u>
<b>NET POSITION, Ending</b>	<u><u>\$ 792,068</u></u>	<u><u>\$ 1,579,282</u></u>	<u><u>\$ 2,371,350</u></u>

See auditor's report.

**CITY OF LA GRANDE, OREGON**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NON-MAJOR ENTERPRISE FUNDS**  
**For the Fiscal Year Ended June 30, 2018**

	Building Inspection	Storm Utility	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 610,621	\$ 232,570	\$ 843,191
Payments to suppliers	(266,185)	(44,801)	(310,986)
Payments to employees	(210,596)	-	(210,596)
Payments for interfund services used	(84,107)	(131,681)	(215,788)
Net cash provided from (used by) operating activities	<u>49,733</u>	<u>56,088</u>	<u>105,821</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers in	5,000	190,000	195,000
Transfers out	(5,000)	(80,000)	(85,000)
Net cash provided from (used by) non-capital financing activities	<u>-</u>	<u>110,000</u>	<u>110,000</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Proceeds from intergovernmental revenue	-	10,000	10,000
Net cash provided from (used by) capital and related financing activities	<u>-</u>	<u>10,000</u>	<u>10,000</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investments	15,647	7,017	22,664
Net cash provided (used) by investing activities	<u>15,647</u>	<u>7,017</u>	<u>22,664</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	65,380	183,105	248,485
<b>CASH AND CASH EQUIVALENTS, Beginning</b>	924,300	348,727	1,273,027
<b>CASH AND CASH EQUIVALENTS, Ending</b>	<u>\$ 989,680</u>	<u>\$ 531,832</u>	<u>\$ 1,521,512</u>
<b>Reconciliation of operating income (loss) to net cash provided from (used by) operating activities</b>			
Operating income (loss)	\$ (391)	\$ (28,869)	\$ (29,260)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	10,777	65,534	76,311
(Increase) decrease in assets:			
Receivables	-	20,762	20,762
Deferred outflows related to OPEB	(2,494)	-	(2,494)
Increase (decrease) in liabilities:			
Accounts payable and accrued expenses	(4,961)	(1,339)	(6,300)
Compensated absences payable	(1,043)	-	(1,043)
Deferred inflows related to OPEB	8,956	-	8,956
Other postemployment benefits	38,889	-	38,889
Net cash provided from (used by) operating activities	<u>\$ 49,733</u>	<u>\$ 56,088</u>	<u>\$ 105,821</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, 2018**

	Motor Pool	Public Works Service	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 332,389	\$ 182,602	\$ 514,991
Receivables:			
Prepaid items	-	37,891	37,891
Inventories	<u>4,480</u>	<u>-</u>	<u>4,480</u>
Total current assets	<u>336,869</u>	<u>220,493</u>	<u>557,362</u>
Noncurrent assets:			
Capital assets:			
Depreciable assets, net of depreciation	<u>1,484,530</u>	<u>-</u>	<u>1,484,530</u>
Total noncurrent assets	<u>1,484,530</u>	<u>-</u>	<u>1,484,530</u>
Total assets	<u>1,821,399</u>	<u>220,493</u>	<u>2,041,892</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	5,962	68,142	74,104
Compensated absences payable	<u>-</u>	<u>171,786</u>	<u>171,786</u>
Total current liabilities	<u>5,962</u>	<u>239,928</u>	<u>245,890</u>
<b>DEFERRED INFLOW OF RESOURCES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,484,530	-	1,484,530
Unrestricted	<u>330,907</u>	<u>(19,435)</u>	<u>311,472</u>
Total net position	<u>\$ 1,815,437</u>	<u>\$ (19,435)</u>	<u>\$ 1,796,002</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, 2018**

	Motor Pool	Public Works Service	Totals
<b>OPERATING REVENUES</b>			
Charges for services	\$ 454,691	\$ 2,628,992	\$ 3,083,683
Miscellaneous	25,396	-	25,396
<b>TOTAL OPERATING REVENUES</b>	<u>480,087</u>	<u>2,628,992</u>	<u>3,109,079</u>
<b>OPERATING EXPENSES</b>			
Personal services	153,719	2,608,575	2,762,294
Materials and services	231,066	-	231,066
Depreciation	187,354	-	187,354
<b>TOTAL OPERATING EXPENSES</b>	<u>572,139</u>	<u>2,608,575</u>	<u>3,180,714</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(92,052)</u>	<u>20,417</u>	<u>(71,635)</u>
<b>NON-OPERATING INCOME (EXPENSES)</b>			
Gain (loss) on disposal of capital assets	(10,182)	-	(10,182)
Interest on investments	5,058	-	5,058
<b>TOTAL NON-OPERATING INCOME (EXPENSES)</b>	<u>(5,124)</u>	<u>-</u>	<u>(5,124)</u>
<b>NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<u>(97,176)</u>	<u>20,417</u>	<u>(76,759)</u>
<b>CAPITAL CONTRIBUTIONS</b>			
Capital asset transfers	(31,007)	-	(31,007)
<b>TOTAL CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<u>(31,007)</u>	<u>-</u>	<u>(31,007)</u>
<b>CHANGE IN NET POSITION</b>	(128,183)	20,417	(107,766)
<b>NET POSITION, Beginning</b>	<u>1,943,620</u>	<u>(39,852)</u>	<u>1,903,768</u>
<b>NET POSITION, Ending</b>	<u><u>\$ 1,815,437</u></u>	<u><u>\$ (19,435)</u></u>	<u><u>\$ 1,796,002</u></u>

**CITY OF LA GRANDE, OREGON**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**For the Fiscal Year Ended June 30, 2018**

	Motor Pool	Public Works Service	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 25,396	\$ -	\$ 25,396
Receipts from interfund services provided	454,691	2,628,992	3,083,683
Payments to suppliers	(232,726)	(886,484)	(1,119,210)
Payments to employees	-	(1,741,877)	(1,741,877)
Payments for interfund services used	(153,719)	-	(153,719)
Net cash provided from (used by) operating activities	<u>93,642</u>	<u>631</u>	<u>94,273</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of capital assets	(295,851)	-	(295,851)
Net cash provided from (used by) capital and related financing activities	<u>(295,851)</u>	<u>-</u>	<u>(295,851)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investments	5,058	-	5,058
Net cash provided (used by) investing activities	<u>5,058</u>	<u>-</u>	<u>5,058</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(197,151)	631	(196,520)
<b>CASH AND CASH EQUIVALENTS, Beginning</b>	<u>529,540</u>	<u>181,971</u>	<u>711,511</u>
<b>CASH AND CASH EQUIVALENTS, Ending</b>	<u><u>\$ 332,389</u></u>	<u><u>\$ 182,602</u></u>	<u><u>\$ 514,991</u></u>
<b>Reconciliation of operating income (loss) to net cash provided from (used by) operating activities</b>			
Operating income (loss)	\$ (92,052)	\$ 20,417	\$ (71,635)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	187,354	-	187,354
(Increase) decrease in assets:			
Increase (decrease) in liabilities:			
Accounts payable and accrued expenses	(1,660)	1,337	(323)
Compensated absences payable	<u>-</u>	<u>(21,123)</u>	<u>(21,123)</u>
Net cash provided from (used by) operating activities	<u><u>\$ 93,642</u></u>	<u><u>\$ 631</u></u>	<u><u>\$ 94,273</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 (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, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
Council and Manager	\$ 1,204,924	\$ 1,204,924	\$ 1,023,165	\$ 181,759
Finance and Municipal Court	578,660	578,660	561,621	17,039
Police Department	3,149,890	3,149,890	2,918,446	231,444
Fire and EMS Departments	2,409,578	2,409,578	2,252,480	157,098
Community and Economic Development/ Building Maintenance	668,810	668,810	547,811	120,999
Parks Maintenance, Aquatics, Recreation, Urban Forestry	1,064,783	1,064,783	1,031,180	33,603
Library	564,194	564,194	541,096	23,098
Contingency	300,000	300,000	-	300,000
<b>TOTAL EXPENDITURES</b>	<u>\$ 9,940,839</u>	<u>\$ 9,940,839</u>	<u>\$ 8,875,799</u>	<u>\$ 1,065,040</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
- Street Maintenance
- Grants & Donations
- 911 Emergency

**Capital Project Funds**

- Capital Equipment & Improvement
- General Building/Equipment Reserve

**Debt Service Fund**

- 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, 2018**

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
<b>REVENUES</b>				
Intergovernmental revenue	\$ 750,000	\$ 750,000	\$ 853,031	\$ 103,031
Interest on investments	3,100	3,100	6,444	3,344
Miscellaneous	3,000	3,000	26,322	23,322
<b>TOTAL REVENUES</b>	<u>756,100</u>	<u>756,100</u>	<u>885,797</u>	<u>129,697</u>
<b>EXPENDITURES</b>				
Current:				
Highways and streets:				
Personal services	361,245	394,002	369,663	24,339
Materials and services	751,047	751,047	617,683	133,364
Contingency	32,757	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>1,145,049</u>	<u>1,145,049</u>	<u>987,346</u>	<u>157,703</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(388,949)</u>	<u>(388,949)</u>	<u>(101,549)</u>	<u>287,400</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	156,750	156,750	156,750	-
Transfers out	(64,828)	(64,828)	(64,828)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>91,922</u>	<u>91,922</u>	<u>91,922</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(297,027)</u>	<u>(297,027)</u>	<u>(9,627)</u>	<u>287,400</u>
<b>FUND BALANCE, Beginning</b>	<u>332,670</u>	<u>332,670</u>	<u>544,186</u>	<u>211,516</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 35,643</u>	<u>\$ 35,643</u>	<u>\$ 534,559</u>	<u>\$ 498,916</u>

See auditor's report.

**CITY OF LA GRANDE, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**STREET MAINTENANCE FUND**  
**For the Fiscal Year Ended June 30, 2018**

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
<b>REVENUES</b>				
Charges for services	\$ 410,000	\$ 410,000	\$ 428,744	\$ 18,744
Interest on investments	2,300	2,300	8,082	5,782
Miscellaneous	-	-	117,756	117,756
<b>TOTAL REVENUES</b>	<u>412,300</u>	<u>412,300</u>	<u>554,582</u>	<u>142,282</u>
<b>EXPENDITURES</b>				
Current:				
Highways and streets:				
Materials and services	451,220	451,220	394,714	56,506
Contingency	<u>75,000</u>	<u>75,000</u>	<u>-</u>	<u>75,000</u>
<b>TOTAL EXPENDITURES</b>	<u>526,220</u>	<u>526,220</u>	<u>394,714</u>	<u>131,506</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(113,920)</u>	<u>(113,920)</u>	<u>159,868</u>	<u>273,788</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(163,920)</u>	<u>(163,920)</u>	<u>109,868</u>	<u>273,788</u>
<b>FUND BALANCE, Beginning</b>	<u>241,272</u>	<u>241,272</u>	<u>375,970</u>	<u>134,698</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 77,352</u>	<u>\$ 77,352</u>	<u>\$ 485,838</u>	<u>\$ 408,486</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, 2018**

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
<b>REVENUES</b>				
Intergovernmental revenue	\$ 575,757	\$ 575,757	\$ 76,292	\$ (499,465)
Contributions	15,500	15,500	5,935	(9,565)
Interest on investments	2,400	2,400	4,188	1,788
Miscellaneous	18,000	18,000	3,860	(14,140)
<b>TOTAL REVENUES</b>	<u>611,657</u>	<u>611,657</u>	<u>90,275</u>	<u>(521,382)</u>
<b>EXPENDITURES</b>				
Current:				
Materials and services	118,145	118,145	40,205	77,940
Capital outlay	549,000	549,000	64,935	484,065
<b>TOTAL EXPENDITURES</b>	<u>667,145</u>	<u>667,145</u>	<u>105,140</u>	<u>562,005</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(55,488)</u>	<u>(55,488)</u>	<u>(14,865)</u>	<u>40,623</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(55,488)	(55,488)	(14,865)	40,623
<b>FUND BALANCE, Beginning</b>	<u>223,392</u>	<u>223,392</u>	<u>242,016</u>	<u>18,624</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 167,904</u>	<u>\$ 167,904</u>	<u>\$ 227,151</u>	<u>\$ 59,247</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, 2018**

	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	4,000	4,000	5,038	1,038
Miscellaneous	-	-	14	14
<b>TOTAL REVENUES</b>	<u>324,000</u>	<u>324,000</u>	<u>325,052</u>	<u>1,052</u>
<b>EXPENDITURES</b>				
Current:				
Public safety:				
Personal services	368,115	368,115	298,059	70,056 **
Materials and services	68,731	68,731	52,239	16,492 **
Capital outlay	10,000	10,000	10,225	(225) **
Contingency	<u>45,000</u>	<u>45,000</u>	<u>-</u>	<u>45,000</u>
<b>TOTAL EXPENDITURES</b>	<u>491,846</u>	<u>491,846</u>	<u>360,523</u>	<u>131,323</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(167,846)</u>	<u>(167,846)</u>	<u>(35,471)</u>	<u>132,375</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(7,653)</u>	<u>(7,653)</u>	<u>(7,653)</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(7,653)</u>	<u>(7,653)</u>	<u>(7,653)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(175,499)	(175,499)	(43,124)	132,375
<b>FUND BALANCE, Beginning</b>	<u>454,147</u>	<u>454,147</u>	<u>472,798</u>	<u>18,651</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 278,648</u>	<u>\$ 278,648</u>	<u>\$ 429,674</u>	<u>\$ 151,026</u>

\*\*9-1-1 Emergency Services Operational Unit budget not exceeded.

**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, 2018**

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
<b>REVENUES</b>				
Assessments	\$ 18,200	\$ 18,200	\$ 37,365	\$ 19,165
Intergovernmental	250,000	250,000	-	(250,000)
Interest on investments	4,000	4,000	7,637	3,637
<b>TOTAL REVENUES</b>	<u>272,200</u>	<u>272,200</u>	<u>45,002</u>	<u>(227,198)</u>
<b>EXPENDITURES</b>				
Capital outlay	420,000	420,000	7,546	412,454
Contingency	55,500	55,500	-	55,500
<b>TOTAL EXPENDITURES</b>	<u>475,500</u>	<u>475,500</u>	<u>7,546</u>	<u>467,954</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(203,300)</u>	<u>(203,300)</u>	<u>37,456</u>	<u>240,756</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	50,000	50,000	50,000	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(153,300)	(153,300)	87,456	240,756
<b>FUND BALANCE, Beginning</b>	<u>414,368</u>	<u>414,368</u>	<u>412,056</u>	<u>(2,312)</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 261,068</u>	<u>\$ 261,068</u>	<u>\$ 499,512</u>	<u>\$ 238,444</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, 2018**

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
<b>REVENUES</b>				
Interest on investments	\$ 4,500	\$ 4,500	\$ 14,035	\$ 9,535
Miscellaneous	-	-	11,025	11,025
<b>TOTAL REVENUES</b>	<u>4,500</u>	<u>4,500</u>	<u>25,060</u>	<u>20,560</u>
<b>EXPENDITURES</b>				
Capital outlay	<u>511,557</u>	<u>511,557</u>	<u>97,520</u>	<u>414,037</u>
<b>TOTAL EXPENDITURES</b>	<u>511,557</u>	<u>511,557</u>	<u>97,520</u>	<u>414,037</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(507,057)</u>	<u>(507,057)</u>	<u>(72,460)</u>	<u>434,597</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>97,000</u>	<u>97,000</u>	<u>97,000</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>97,000</u>	<u>97,000</u>	<u>97,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(410,057)	(410,057)	24,540	434,597
<b>FUND BALANCE, Beginning</b>	<u>828,645</u>	<u>828,645</u>	<u>810,073</u>	<u>(18,572)</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 418,588</u>	<u>\$ 418,588</u>	<u>\$ 834,613</u>	<u>\$ 416,025</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, 2018**

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
<b>REVENUES</b>				
Property taxes	\$ 804,117	\$ 804,117	\$ 734,314	\$ (69,803)
Interest on investments	<u>15,000</u>	<u>15,000</u>	<u>21,405</u>	<u>6,405</u>
<b>TOTAL REVENUES</b>	<u>819,117</u>	<u>819,117</u>	<u>755,719</u>	<u>(63,398)</u>
<b>EXPENDITURES</b>				
Current:				
Community development:				
Materials and services	-	-	8,473	(8,473)
Debt service	<u>260,462</u>	<u>260,462</u>	<u>260,462</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u>260,462</u>	<u>260,462</u>	<u>268,935</u>	<u>(8,473)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>558,655</u>	<u>558,655</u>	<u>486,784</u>	<u>(71,871)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of refunding debt	-	-	787,056	787,056
Payment to refund debt	-	-	(886,526)	(886,526)
Bond Premium	-	-	107,943	107,943
Transfers in	1,021,838	1,021,838	1,021,838	-
Transfers out	<u>(1,600,000)</u>	<u>(1,600,000)</u>	<u>(489,904)</u>	<u>1,110,096</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(578,162)</u>	<u>(578,162)</u>	<u>540,407</u>	<u>1,118,569</u>
<b>NET CHANGE IN FUND BALANCE</b>	(19,507)	(19,507)	1,027,191	1,046,698
<b>FUND BALANCE, Beginning</b>	<u>55,429</u>	<u>55,429</u>	<u>23,770</u>	<u>(31,659)</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 35,922</u>	<u>\$ 35,922</u>	<u>\$ 1,050,961</u>	<u>\$ 1,015,039</u>

\*\*Exempt from Oregon Budget Law.

**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, 2018**

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
<b>REVENUES</b>				
Charges for services	\$ 2,883,971	\$ 2,883,971	\$ 3,062,775	\$ 178,804
Assessments	50,000	50,000	16,750	(33,250)
Interest on investments	15,000	15,000	35,133	20,133
Miscellaneous	20,000	20,000	12,455	(7,545)
<b>TOTAL REVENUES</b>	<u>2,968,971</u>	<u>2,968,971</u>	<u>3,127,113</u>	<u>158,142</u>
<b>EXPENDITURES</b>				
Current:				
Personal services	578,689	578,689	462,300	116,389
Materials and services	1,319,001	1,319,001	725,847	593,154
Capital outlay	461,000	461,000	326,150	134,850
Contingency	150,000	150,000	-	150,000
<b>TOTAL EXPENDITURES</b>	<u>2,508,690</u>	<u>2,508,690</u>	<u>1,514,297</u>	<u>994,393</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>460,281</u>	<u>460,281</u>	<u>1,612,816</u>	<u>1,152,535</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(1,143,886)	(1,143,886)	(1,143,886)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(1,143,886)</u>	<u>(1,143,886)</u>	<u>(1,143,886)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(683,605)	(683,605)	468,930	1,152,535
<b>FUND BALANCE, Beginning</b>	<u>1,308,203</u>	<u>1,308,203</u>	<u>2,435,137</u>	<u>1,126,934</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 624,598</u>	<u>\$ 624,598</u>	<u>2,904,067</u>	<u>\$ 2,279,469</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, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 900,000	\$ 900,000	\$ 769,900	\$ (130,100)
Interest on investments	<u>4,500</u>	<u>4,500</u>	<u>11,437</u>	<u>6,937</u>
<b>TOTAL REVENUES</b>	<u>904,500</u>	<u>904,500</u>	<u>781,337</u>	<u>(123,163)</u>
<b>EXPENDITURES</b>				
Capital outlay	1,685,000	1,685,000	1,318,360	366,640
Contingency	<u>215,000</u>	<u>215,000</u>	<u>-</u>	<u>215,000</u>
<b>TOTAL EXPENDITURES</b>	<u>1,900,000</u>	<u>1,900,000</u>	<u>1,318,360</u>	<u>581,640</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(995,500)</u>	<u>(995,500)</u>	<u>(537,023)</u>	<u>458,477</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>800,000</u>	<u>800,000</u>	<u>800,000</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>800,000</u>	<u>800,000</u>	<u>800,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(195,500)	(195,500)	262,977	458,477
<b>FUND BALANCE, Beginning</b>	<u>787,691</u>	<u>787,691</u>	<u>874,464</u>	<u>86,773</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 592,191</u>	<u>\$ 592,191</u>	<u>\$ 1,137,441</u>	<u>\$ 545,250</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, 2018**

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

Water	\$ 2,904,067
Water Reserve	<u>1,137,441</u>
	4,041,508

Adjustments:

Capital assets, net of depreciation	6,511,746
Deferred outflows related to OPEB	17,806
Net OPEB Liability	(487,201)
Deferred inflows related to OPEB	<u>(22,206)</u>

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

\$ 10,061,653

**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, 2018**

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
<b>REVENUES</b>				
Charges for services	\$ 3,275,049	\$ 3,275,049	\$ 3,406,451	\$ 131,402
Assessments	50,000	50,000	22,273	(27,727)
Interest on investments	30,000	30,000	54,711	24,711
Miscellaneous	2,000	2,000	36,507	34,507
<b>TOTAL REVENUES</b>	<u>3,357,049</u>	<u>3,357,049</u>	<u>3,519,942</u>	<u>162,893</u>
<b>EXPENDITURES</b>				
Current:				
Personal services	914,000	914,000	733,962	180,038
Materials and services	1,142,024	1,142,024	805,886	336,138
Capital outlay	760,000	760,000	420,801	339,199
Contingency	400,000	400,000	-	400,000
<b>TOTAL EXPENDITURES</b>	<u>3,216,024</u>	<u>3,216,024</u>	<u>1,960,649</u>	<u>1,255,375</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>141,025</u>	<u>141,025</u>	<u>1,559,293</u>	<u>1,418,268</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(1,152,789)	(1,152,789)	(1,152,789)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(1,152,789)</u>	<u>(1,152,789)</u>	<u>(1,152,789)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(1,011,764)	(1,011,764)	406,504	1,418,268
<b>FUND BALANCE, Beginning</b>	<u>2,335,291</u>	<u>2,335,291</u>	<u>3,169,451</u>	<u>834,160</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 1,323,527</u>	<u>\$ 1,323,527</u>	<u>\$ 3,575,955</u>	<u>\$ 2,252,428</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, 2018**

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
<b>REVENUES</b>				
Interest on investments	\$ 4,400	\$ 4,400	\$ 60,513	\$ 56,113
<b>TOTAL REVENUES</b>	<u>4,400</u>	<u>4,400</u>	<u>60,513</u>	<u>56,113</u>
<b>EXPENDITURES</b>				
Capital outlay	1,300,000	1,300,000	296,332	1,003,668
Contingency	<u>195,000</u>	<u>195,000</u>	<u>-</u>	<u>195,000</u>
<b>TOTAL EXPENDITURES</b>	<u>1,495,000</u>	<u>1,495,000</u>	<u>296,332</u>	<u>1,198,668</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,490,600)</u>	<u>(1,490,600)</u>	<u>(235,819)</u>	<u>1,254,781</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>350,000</u>	<u>350,000</u>	<u>350,000</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>350,000</u>	<u>350,000</u>	<u>350,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(1,140,600)	(1,140,600)	114,181	1,254,781
<b>FUND BALANCE, Beginning</b>	<u>2,960,350</u>	<u>2,960,350</u>	<u>3,472,245</u>	<u>511,895</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 1,819,750</u>	<u>\$ 1,819,750</u>	<u>\$ 3,586,426</u>	<u>\$ 1,766,676</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, 2018**

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
<b>REVENUES</b>				
Interest on investments	\$ 4,500	\$ 4,500	\$ 9,078	\$ 4,578
<b>TOTAL REVENUES</b>	4,500	4,500	9,078	4,578
<b>EXPENDITURES</b>				
Debt service	363,035	363,035	363,035	-
<b>TOTAL EXPENDITURES</b>	363,035	363,035	363,035	-
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(358,535)	(358,535)	(353,957)	4,578
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	363,035	363,035	363,035	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	363,035	363,035	363,035	-
<b>NET CHANGE IN FUND BALANCE</b>	4,500	4,500	9,078	4,578
<b>FUND BALANCE, Beginning</b>	482,808	482,808	484,302	1,494
<b>FUND BALANCE, Ending</b>	<u>\$ 487,308</u>	<u>\$ 487,308</u>	<u>\$ 493,380</u>	<u>\$ 6,072</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, 2018**

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

Sewer	\$ 3,575,955
Sewer Reserve	3,586,426
CWSRF Loan	<u>493,380</u>
	7,655,761

Adjustments:

Capital assets, net of depreciation	12,731,988
Deferred outflows related to OPEB	23,042
Net OPEB Liability	(630,492)
Deferred Inflows OPEB	(28,737)
Accrued interest payable	(5,108)
Long-term debt	<u>(1,451,932)</u>

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

\$ 18,294,522

**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, 2018**

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
<b>REVENUES</b>				
Charges for services	\$ 200,000	\$ 200,000	\$ 211,808	\$ 11,808
Interest on investments	3,100	3,100	5,698	2,598
<b>TOTAL REVENUES</b>	<u>203,100</u>	<u>203,100</u>	<u>217,506</u>	<u>14,406</u>
<b>EXPENDITURES</b>				
Current:				
Materials and services	333,500	333,500	124,424	209,076
Capital outlay	110,000	110,000	50,719	59,281
Contingency	50,000	50,000	-	50,000
<b>TOTAL EXPENDITURES</b>	<u>493,500</u>	<u>493,500</u>	<u>175,143</u>	<u>318,357</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(290,400)</u>	<u>(290,400)</u>	<u>42,363</u>	<u>332,763</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	110,000	110,000	110,000	-
Transfers out	(80,000)	(80,000)	(80,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(260,400)</u>	<u>(260,400)</u>	<u>72,363</u>	<u>332,763</u>
<b>FUND BALANCE, Beginning</b>	<u>301,523</u>	<u>301,523</u>	<u>337,438</u>	<u>35,915</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 41,123</u>	<u>\$ 41,123</u>	<u>409,801</u>	<u>\$ 368,678</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, 2018**

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 10,000	\$ 10,000
Interest on investments	400	400	1,319	919
<b>TOTAL REVENUES</b>	400	400	11,319	10,919
<b>EXPENDITURES</b>				
Contingency	10,000	10,000	-	10,000
<b>TOTAL EXPENDITURES</b>	10,000	10,000	-	10,000
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(9,600)	(9,600)	11,319	20,919
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	80,000	80,000	80,000	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	80,000	80,000	80,000	-
<b>NET CHANGE IN FUND BALANCE</b>	70,400	70,400	91,319	20,919
<b>FUND BALANCE, Beginning</b>	30,300	30,300	53,915	23,615
<b>FUND BALANCE, Ending</b>	<u>\$ 100,700</u>	<u>\$ 100,700</u>	<u>\$ 145,234</u>	<u>\$ 44,534</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, 2018**

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

Storm Utility	\$ 409,801
Storm Utility Reserve	<u>145,234</u>
	555,035

Adjustments:

Capital assets, net of depreciation	<u>1,024,247</u>
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**GENERALLY ACCEPTED ACCOUNTING  
PRINCIPLES BASIS (GAAP) NET POSITION**

\$ 1,579,282

**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, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
<b>REVENUES</b>				
Licenses and fees	\$ 490,000	\$ 490,000	\$ 609,935	\$ 119,935
Interest on investments	6,000	6,000	14,977	8,977
Miscellaneous	-	-	686	686
<b>TOTAL REVENUES</b>	<u>496,000</u>	<u>496,000</u>	<u>625,598</u>	<u>129,598</u>
<b>EXPENDITURES</b>				
Current:				
Personal services	334,906	334,906	325,637	9,269
Materials and services	215,876	215,876	141,026	74,850
Capital outlay	10,000	10,000	7,970	2,030
Contingency	<u>90,000</u>	<u>90,000</u>	<u>-</u>	<u>90,000</u>
<b>TOTAL EXPENDITURES</b>	<u>650,782</u>	<u>650,782</u>	<u>474,633</u>	<u>176,149</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(154,782)</u>	<u>(154,782)</u>	<u>150,965</u>	<u>305,747</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(86,293)</u>	<u>(86,293)</u>	<u>(86,293)</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(86,293)</u>	<u>(86,293)</u>	<u>(86,293)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(241,075)	(241,075)	64,672	305,747
<b>FUND BALANCE, Beginning</b>	<u>739,926</u>	<u>739,926</u>	<u>866,559</u>	<u>126,633</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 498,851</u>	<u>\$ 498,851</u>	<u>\$ 931,231</u>	<u>\$ 432,380</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, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest on investments	\$ 400	\$ 400	\$ 670	\$ 270
<b>TOTAL REVENUES</b>	400	400	670	270
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	400	400	670	270
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	5,000	5,000	5,000	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	5,000	5,000	5,000	-
<b>NET CHANGE IN FUND BALANCE</b>	5,400	5,400	5,670	270
<b>FUND BALANCE, Beginning</b>	35,400	35,400	35,426	26
<b>FUND BALANCE, Ending</b>	<u>\$ 40,800</u>	<u>\$ 40,800</u>	<u>\$ 41,096</u>	<u>\$ 296</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, 2018**

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

Building Inspection	\$ 931,231
Building Inspection Reserve	<u>41,096</u>
	972,327

Adjustments:

Capital assets, net of depreciation	28,515
Deferred outflows - OPEB	7,181
Compensated absences	(10,515)
Net OPEB liability	(196,484)
Deferred inflows - OPEB	<u>(8,956)</u>

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

\$ 792,068



## **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, 2018**

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
<b>REVENUES</b>				
Charges for services	\$ 570,000	\$ 570,000	\$ 454,691	\$ (115,309)
Interest on investments	6,000	6,000	5,058	(942)
Miscellaneous	5,000	5,000	25,396	20,396
<b>TOTAL REVENUES</b>	<u>581,000</u>	<u>581,000</u>	<u>485,145</u>	<u>(95,855)</u>
<b>EXPENDITURES</b>				
Current:				
Personal services	178,644	178,644	153,719	24,925
Materials and services	335,888	335,888	229,005	106,883
Capital outlay	400,000	400,000	296,153	103,847
Contingency	55,726	55,726	-	55,726
<b>TOTAL EXPENDITURES</b>	<u>970,258</u>	<u>970,258</u>	<u>678,877</u>	<u>291,381</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(389,258)</u>	<u>(389,258)</u>	<u>(193,732)</u>	<u>195,526</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(1,759)	(1,759)	(1,759)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(1,759)</u>	<u>(1,759)</u>	<u>(1,759)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(391,017)	(391,017)	(195,491)	195,526
<b>FUND BALANCE, Beginning</b>	<u>436,826</u>	<u>436,826</u>	<u>526,398</u>	<u>89,572</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 45,809</u>	<u>\$ 45,809</u>	330,907	<u>\$ 285,098</u>
<b>RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES</b>				
Capital assets, net of depreciation			<u>1,484,530</u>	
<b>NET POSITION, Ending</b>			<u>\$ 1,815,437</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)**  
**PUBLIC WORKS SERVICE FUND**  
**For the Fiscal Year Ended June 30, 2018**

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
<b>REVENUES</b>				
Charges for services	\$ 2,742,849	\$ 2,742,849	\$ 2,628,993	\$ (113,856)
<b>TOTAL REVENUES</b>	<u>2,742,849</u>	<u>2,742,849</u>	<u>2,628,993</u>	<u>(113,856)</u>
<b>EXPENDITURES</b>				
Current:				
Personal services	2,742,849	2,742,849	2,629,699	113,150
Contingency	<u>182,601</u>	<u>182,601</u>	<u>-</u>	<u>182,601</u>
<b>TOTAL EXPENDITURES</b>	<u>2,925,450</u>	<u>2,925,450</u>	<u>2,629,699</u>	<u>295,751</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(182,601)</u>	<u>(182,601)</u>	<u>(706)</u>	<u>181,895</u>
<b>NET CHANGE IN FUND BALANCE</b>	(182,601)	(182,601)	(706)	181,895
<b>FUND BALANCE, Beginning</b>	<u>182,601</u>	<u>182,601</u>	<u>115,166</u>	<u>(67,435)</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	114,460	<u>\$ 114,460</u>
<b>RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES</b>				
Prepaid insurance			37,891	
Compensated absences			<u>(171,786)</u>	
<b>NET POSITION, Ending</b>			<u>\$ (19,435)</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, 2018**

	Interest Rates	Date of Issue	Original Amount	Principal				Interest Matured and Paid
				Outstanding July 1, 2017	Issued	Matured and Paid	Outstanding June 30, 2018	
<u>Governmental Funds</u>								
Oregon Economic Development Loan	3% - 5.25%	5/27/2009	\$ 1,152,493	\$ 904,083	\$ -	\$ 904,083	\$ -	\$ 42,570
IFA Refunding	4.00%	4/10/2018	\$ 1,177,493	-	787,056	-	787,056	-
Urban Renewal Bond - 2012	1% - 3.5%	2/21/2012	\$ 1,035,000	865,000	-	45,000	820,000	26,361
Urban Renewal Bond - 2015	2% - 3.5%	2/24/2015	\$ 1,550,000	1,435,000	-	65,000	1,370,000	45,150
				3,204,083	787,056	1,014,083	2,977,056	114,081
<u>Enterprise Funds</u>								
CWSRF Loan Payable	3.83%	6/1/2002	\$ 4,836,437	\$ 1,742,280	\$ -	\$ 290,348	\$ 1,451,932	\$ 72,687
				1,742,280	-	290,348	1,451,932	72,687
Total				\$ 4,946,363	\$ 787,056	\$ 1,304,431	\$ 4,428,988	\$ 186,768

See auditor's report.

**CITY OF LA GRANDE, OREGON**  
**SCHEDULE OF GOVERNMENTAL ACTIVITIES**  
**DEBT SERVICE FUTURE REQUIREMENTS - LOANS PAYABLE**  
**June 30, 2018**

Year Ending June 30	Oregon Infrastructure Financing Authority		Totals	
	Principal	Interest	Principal	Interest
2019	\$ 40,956	\$ 29,185	\$ 40,956	\$ 29,185
2020	41,209	36,644	41,209	36,644
2021	36,488	34,965	36,488	34,965
2022	36,748	33,205	36,748	33,205
2023	37,085	31,368	37,085	31,368
2024	42,440	29,514	42,440	29,514
2025	42,737	27,466	42,737	27,466
2026	48,124	25,329	48,124	25,329
2027	48,551	22,903	48,551	22,903
2028	48,978	20,475	48,978	20,475
2029	54,449	18,004	54,449	18,004
2030	54,875	15,329	54,875	15,329
2031	60,343	12,610	60,343	12,610
2032	60,835	9,618	60,835	9,618
2033	66,349	6,604	66,349	6,604
2034	66,889	3,316	66,889	3,316
	<u>\$ 787,056</u>	<u>\$ 356,535</u>	<u>\$ 787,056</u>	<u>\$ 356,535</u>

See auditor's report.

**CITY OF LA GRANDE, OREGON**  
**SCHEDULE OF GOVERNMENTAL ACTIVITIES**  
**DEBT SERVICE FUTURE REQUIREMENTS - BONDS PAYABLE**  
**June 30, 2018**

Year Ending June 30	Urban Renewal Bond -2012		Urban Renewal Bond - 2015		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
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>\$ 820,000</u>	<u>\$ 226,502</u>	<u>\$ 1,370,000</u>	<u>\$ 421,225</u>	<u>\$ 2,190,000</u>	<u>\$ 647,727</u>

See auditor's report.



**CITY OF LA GRANDE, OREGON**  
**SCHEDULE OF BUSINESS-TYPE ACTIVITIES**  
**DEBT SERVICE FUTURE REQUIREMENTS - LOANS PAYABLE**  
**June 30, 2018**

Year Ending June 30	CWSRF Loan		Totals	
	Principal	Interest	Principal	Interest
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>\$ 1,451,932</u>	<u>\$ 142,536</u>	<u>\$ 1,451,932</u>	<u>\$ 142,536</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**

**CODY VAVRA  
ASSESSOR/TAX COLLECTOR**

**TELEPHONE (541) 963-1002  
FAX (541) 963-1039**

**CITY OF LA GRANDE  
2017/2018 TEN LARGEST TAXPAYERS**

<i>Name</i>	<i>Assessed Value</i>	<i>Total Tax *</i>
1. AVISTA CORP	\$9,007,200	\$150,999.41
2. UNION PACIFIC RAILROAD CO	\$7,216,000	\$132,326.30
3. ECLIPSE CASCADE RE GRAND RONDE LLC	\$6,389,202	\$113,217.98
4. CHARTER COMMUNICATIONS	\$6,259,300	\$110,964.47
5. SAFEWAY INC	\$6,320,040	\$108,239.87
6. BOISE BUILDING SOLUTIONS MFG	\$6,310,279	\$105,833.06
7. FRONTIER COMMUNICATIONS	\$6,245,000	\$104,693.05
8. OREGON TRAIL ELECTRIC COOP	\$5,294,120	\$88,838.51
9. DEW CLAW LLC	\$4,832,100	\$81,006.78
10. LSREF GOLDEN PROPERTY (OR) 14 LLC	\$3,434,722	\$62,791.79

\*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, 2018, and have issued our report thereon dated December 28, 2018. 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, 2018.

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 cursive script that reads "Dickey and Tremper, LLP".

December 28, 2018

